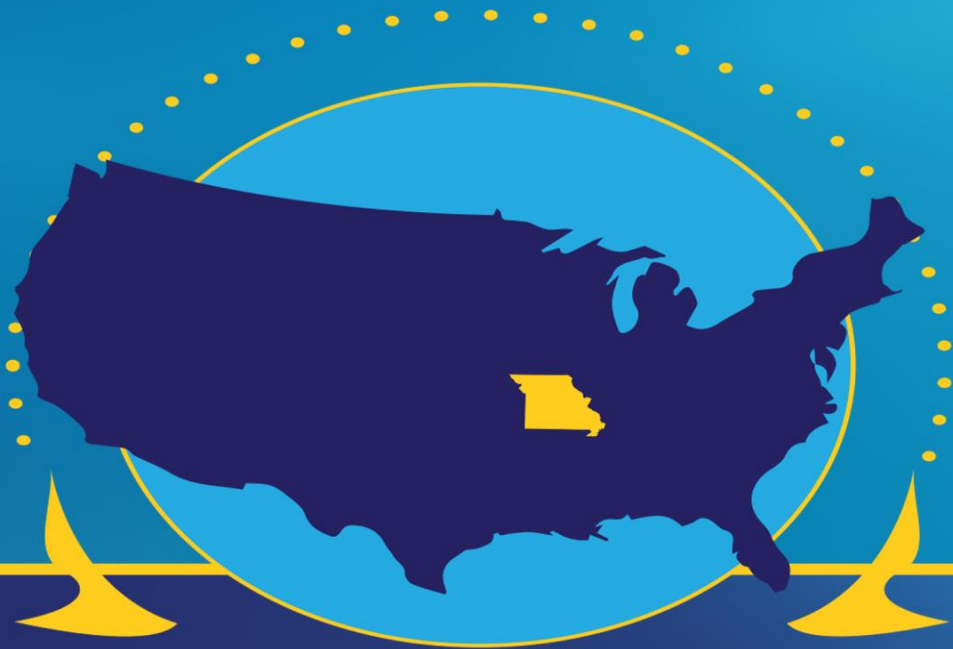


The Missouri Insurance Market: Growth, Change and Challenge



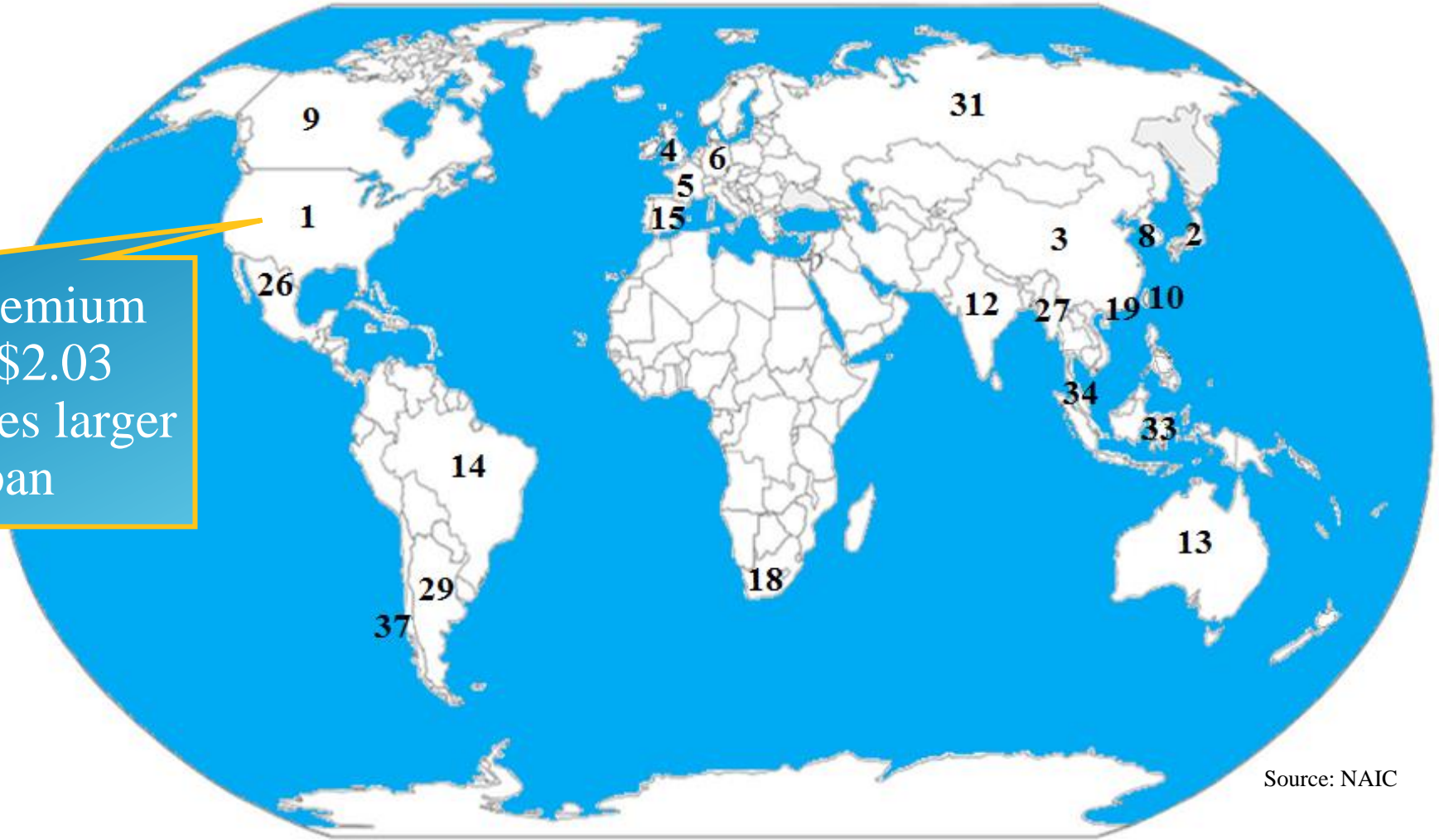
**2016 Director's
Regulatory Summit**

A Global and National View of Missouri



US Dominates the Global Insurance Market

The total US premium for 2015 was \$2.03 trillion -- 4.5 times larger than #2 Japan

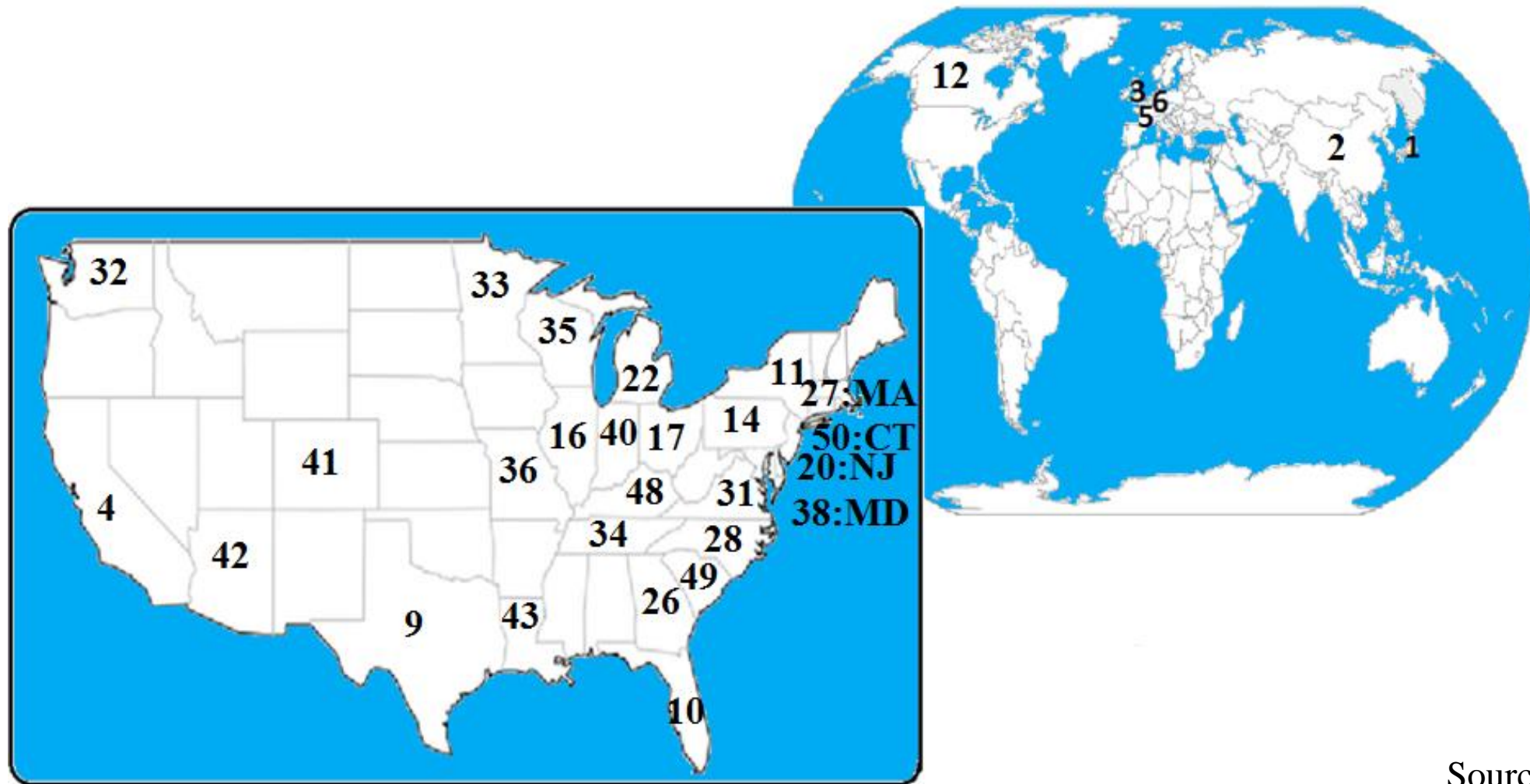


Source: NAIC



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

World's 36th Largest Insurance Market

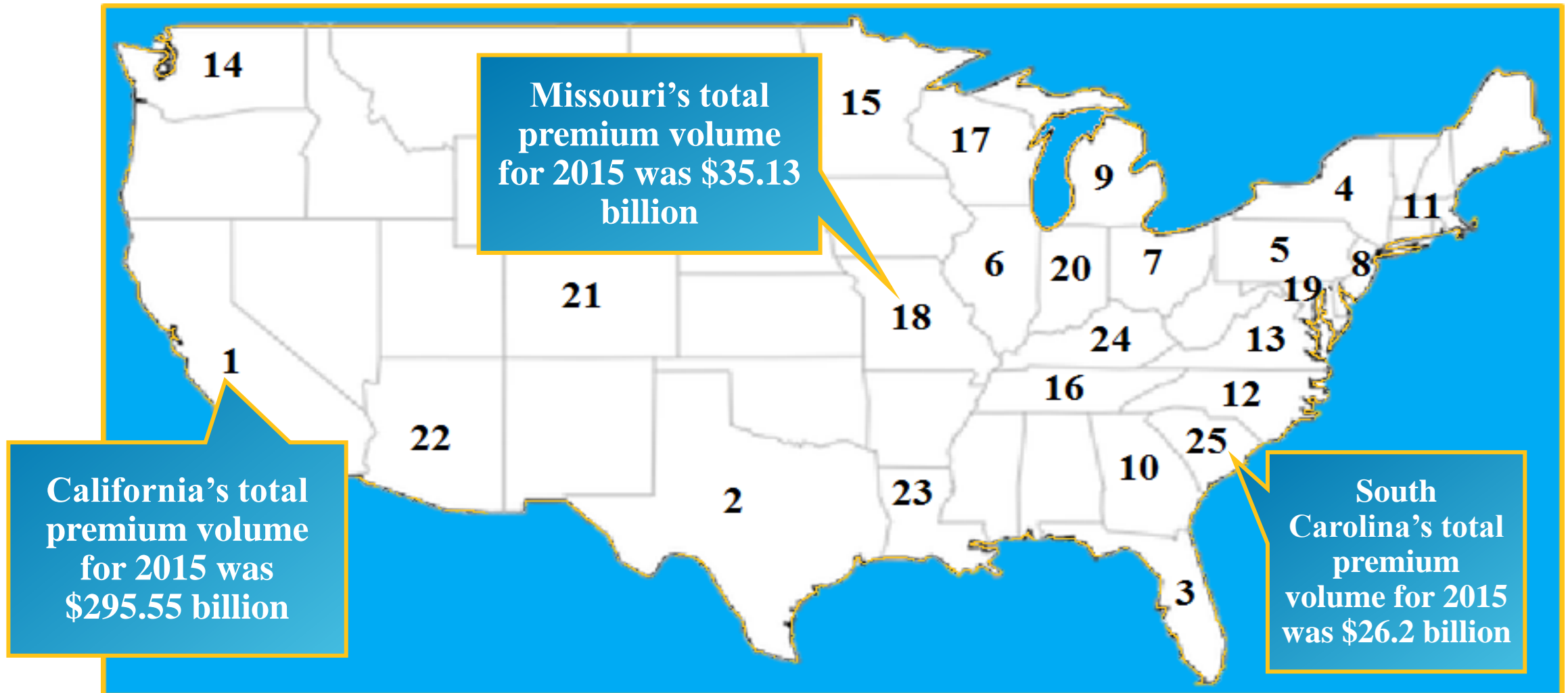


Source: NAIC



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Missouri: #18 US Insurance Market



Source: NAIC



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Insurance Agents, Brokers

Top 10 for New Business in 2015

2015 Business Formations in Missouri



Top Ten Business Formations

1. Individual and Family Services
2. Professional, Scientific, Technical Services
3. Restaurant and Other Eating Places
4. Wholesale Electronic Market Agents and Brokers
5. Private Households
6. Residential Building Construction
7. Services to Buildings
8. Employment Services
9. Insurance Agents, Brokers and Others
10. Repair and Maintenance

M I S S O U R I

Department of Economic Development



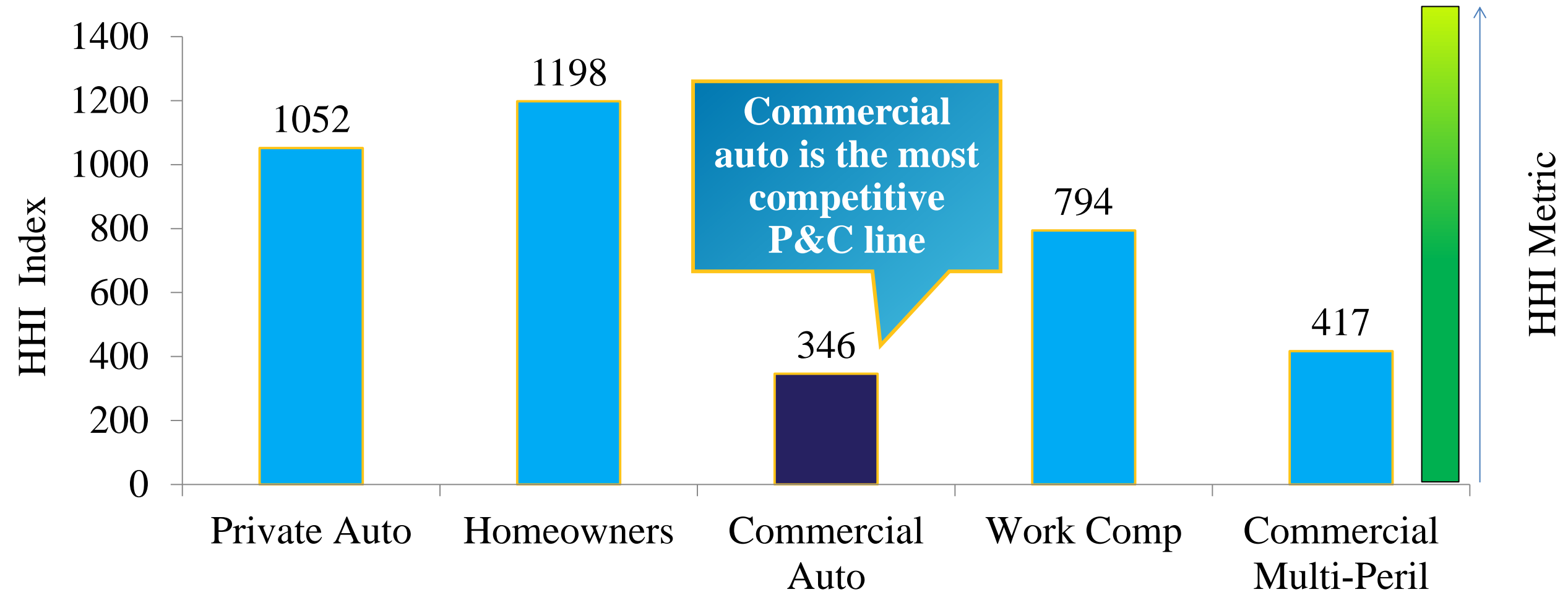
DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

In Full Focus: The Missouri Insurance Market

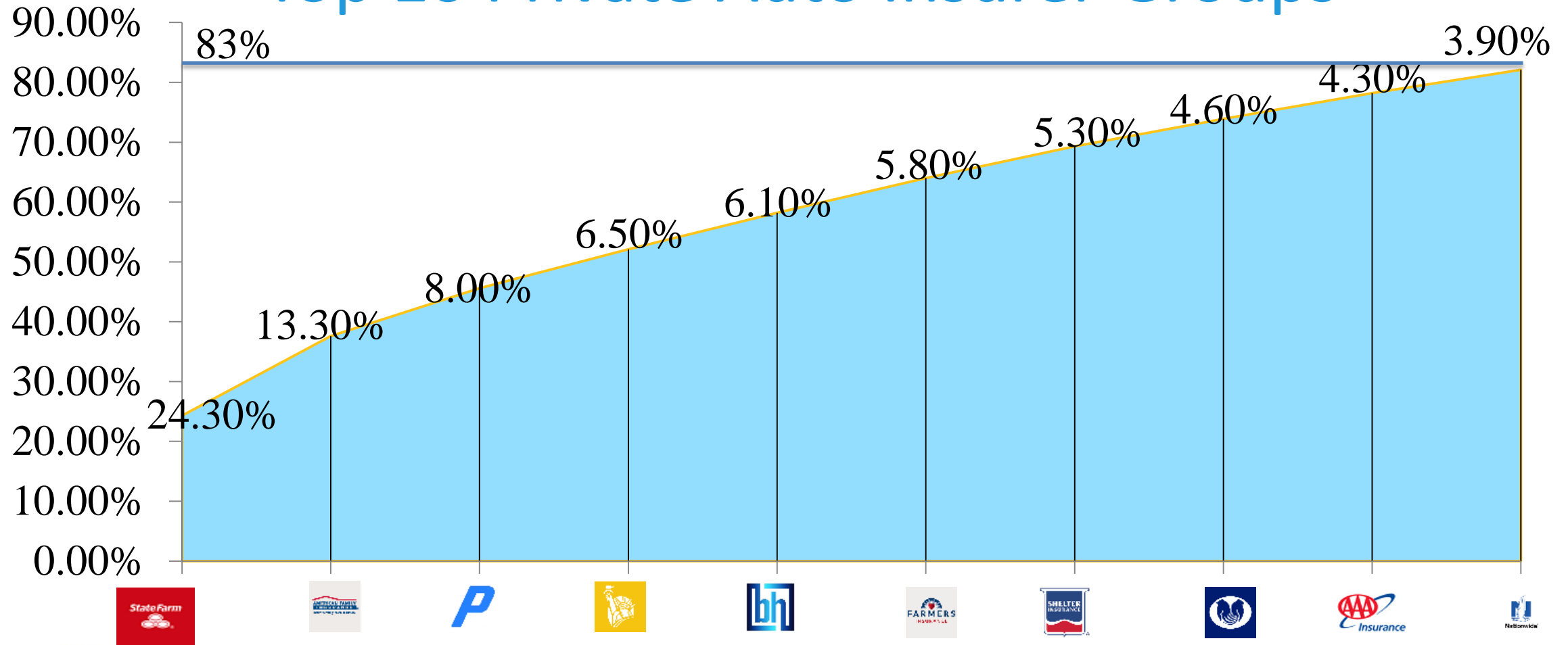


DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Major P&C Markets “Competitive”

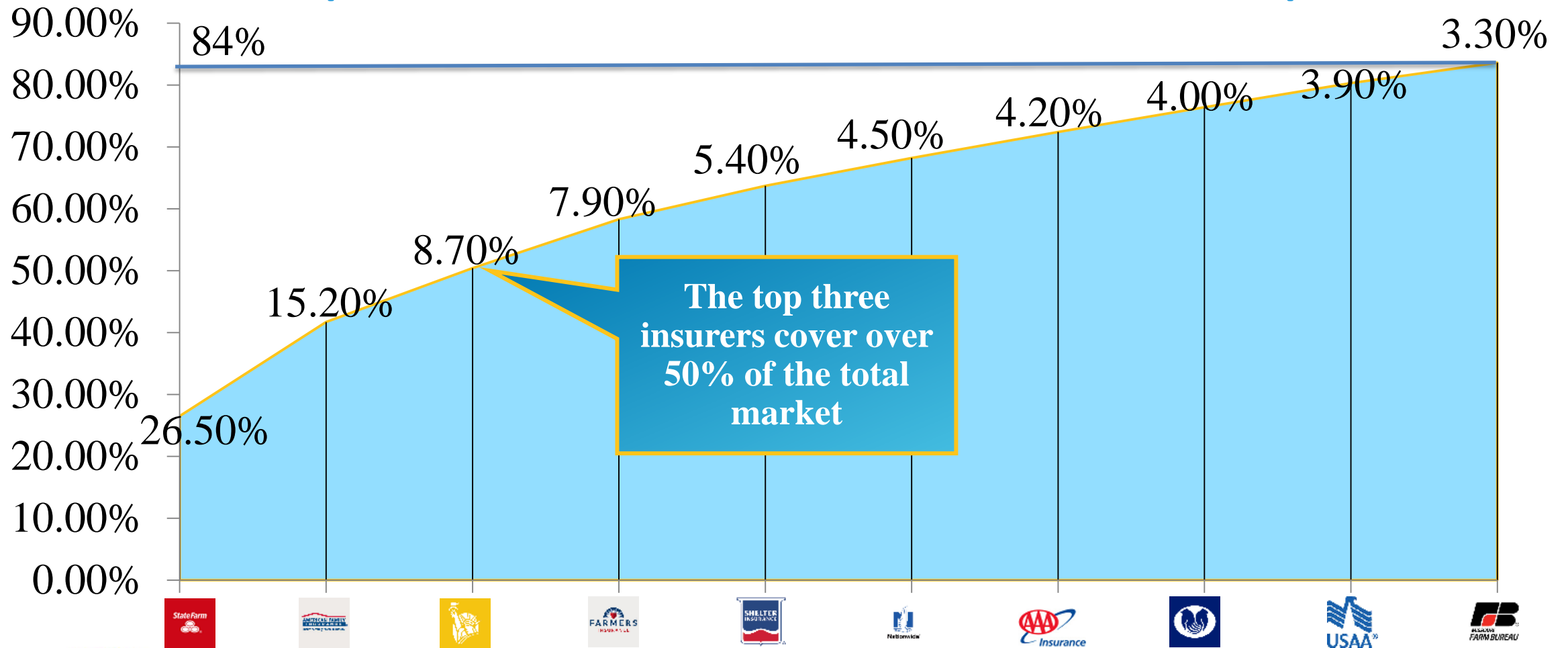


Cumulative Market Share Top 10 Private Auto Insurer Groups



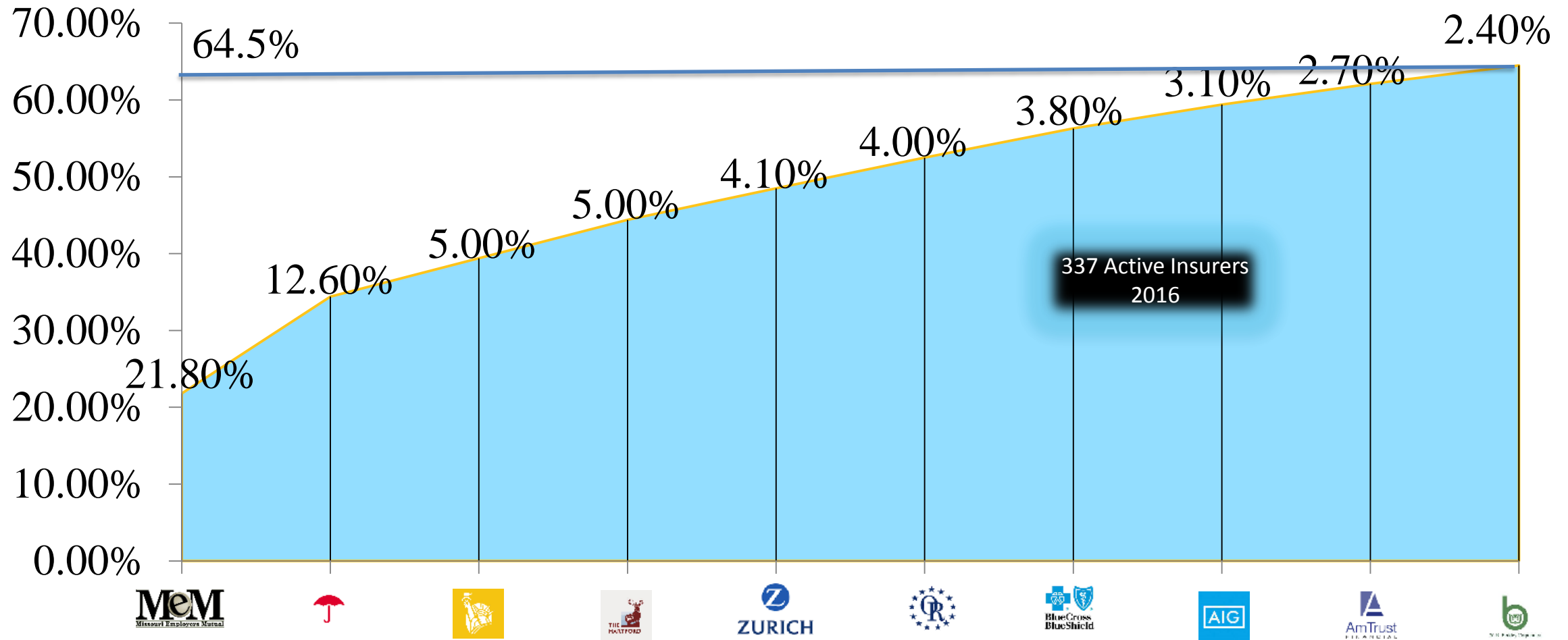
Cumulative Market Share

Top 10 Homeowners Insurer Groups



Cumulative Market Share

Top 10 Workers' Comp Insurer Groups

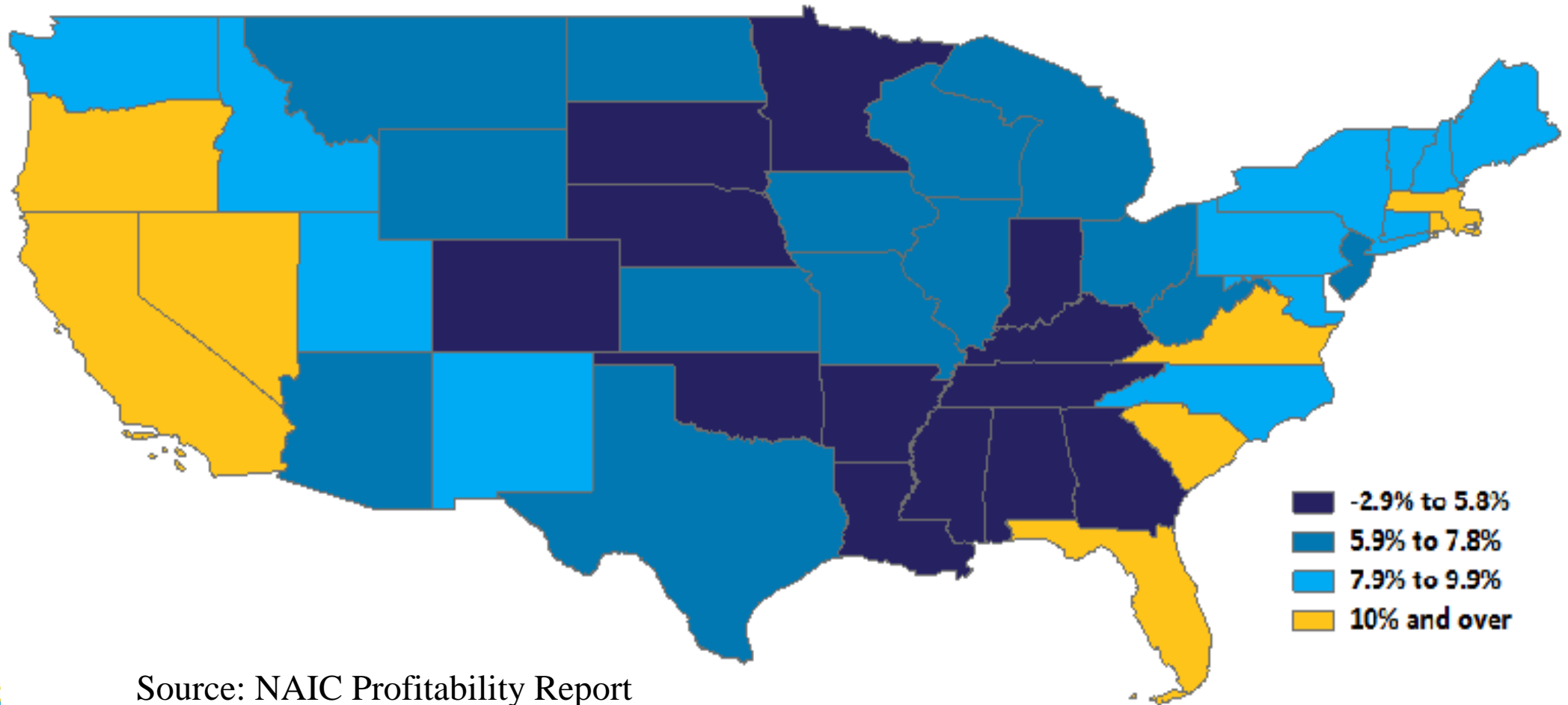


Private Passenger Auto



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Return on Net Worth: Missouri Below Average, but Positive

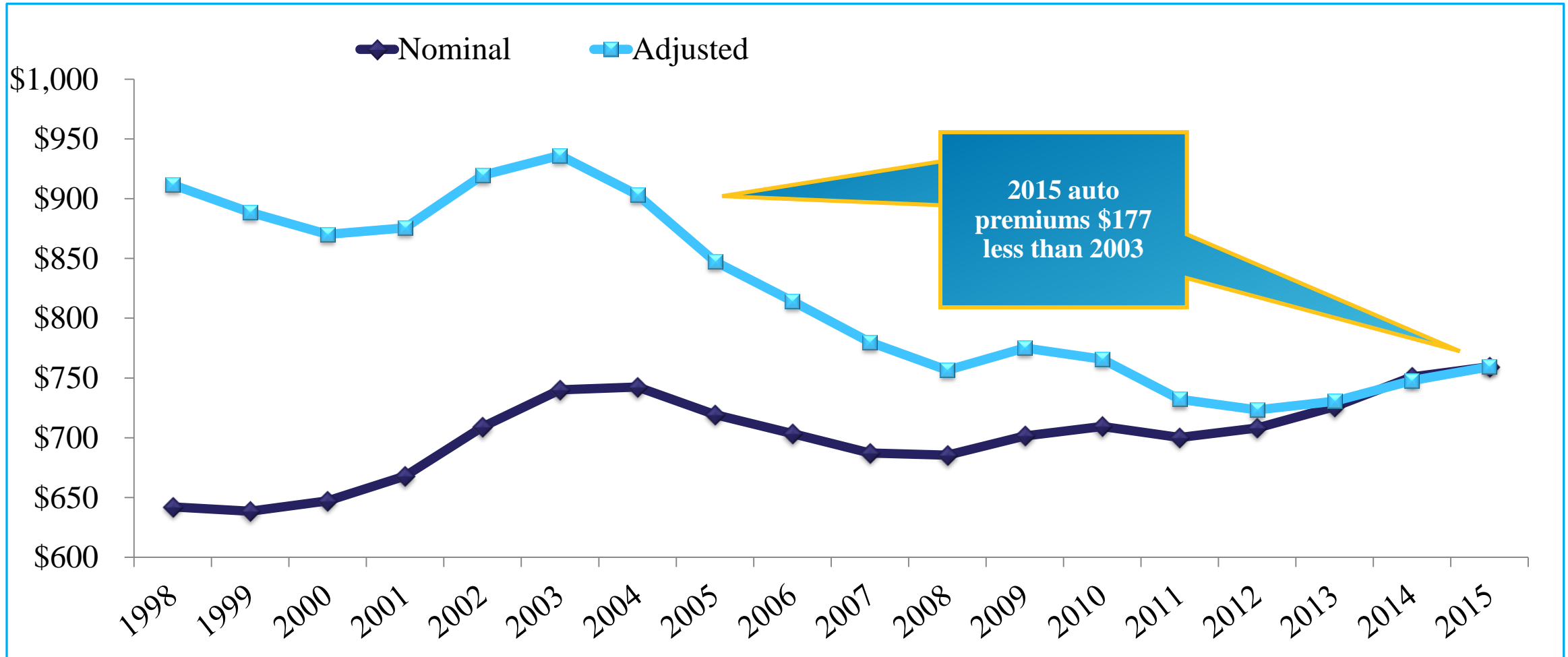


Source: NAIC Profitability Report

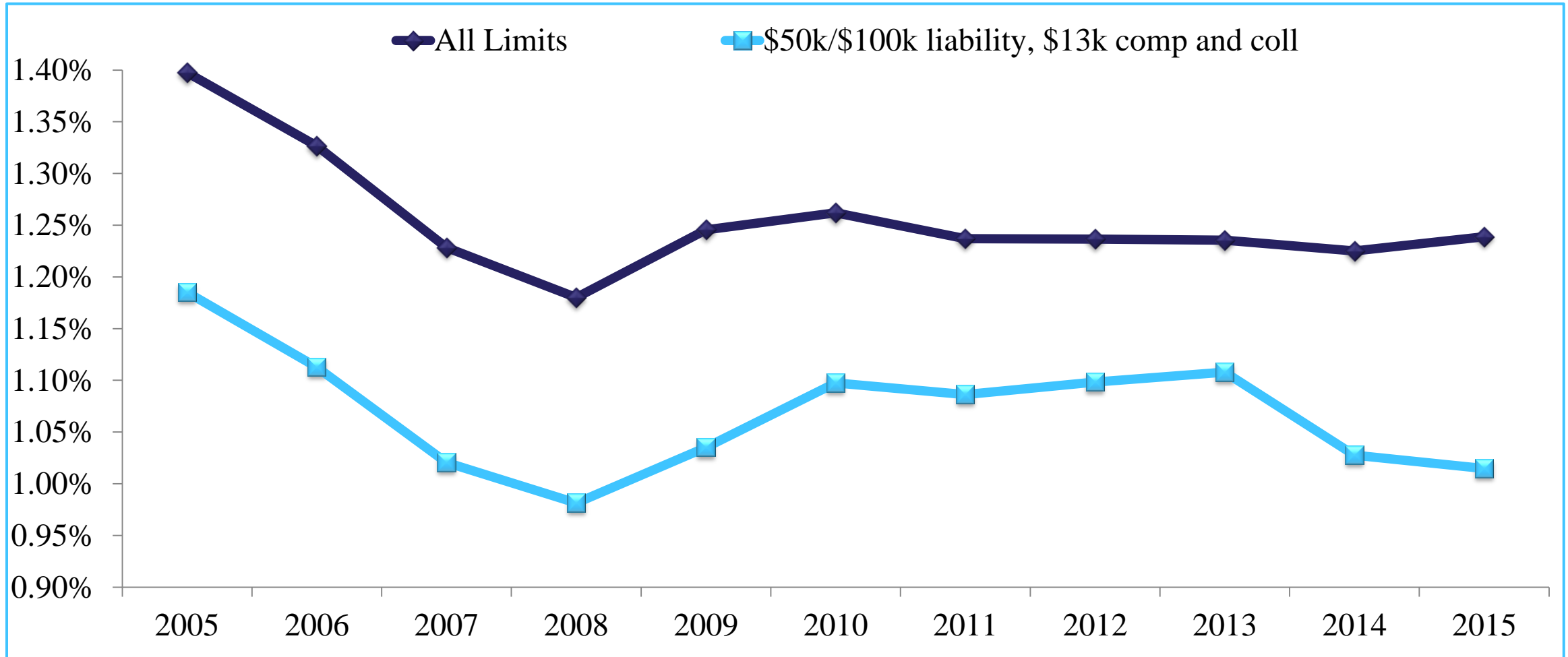


DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

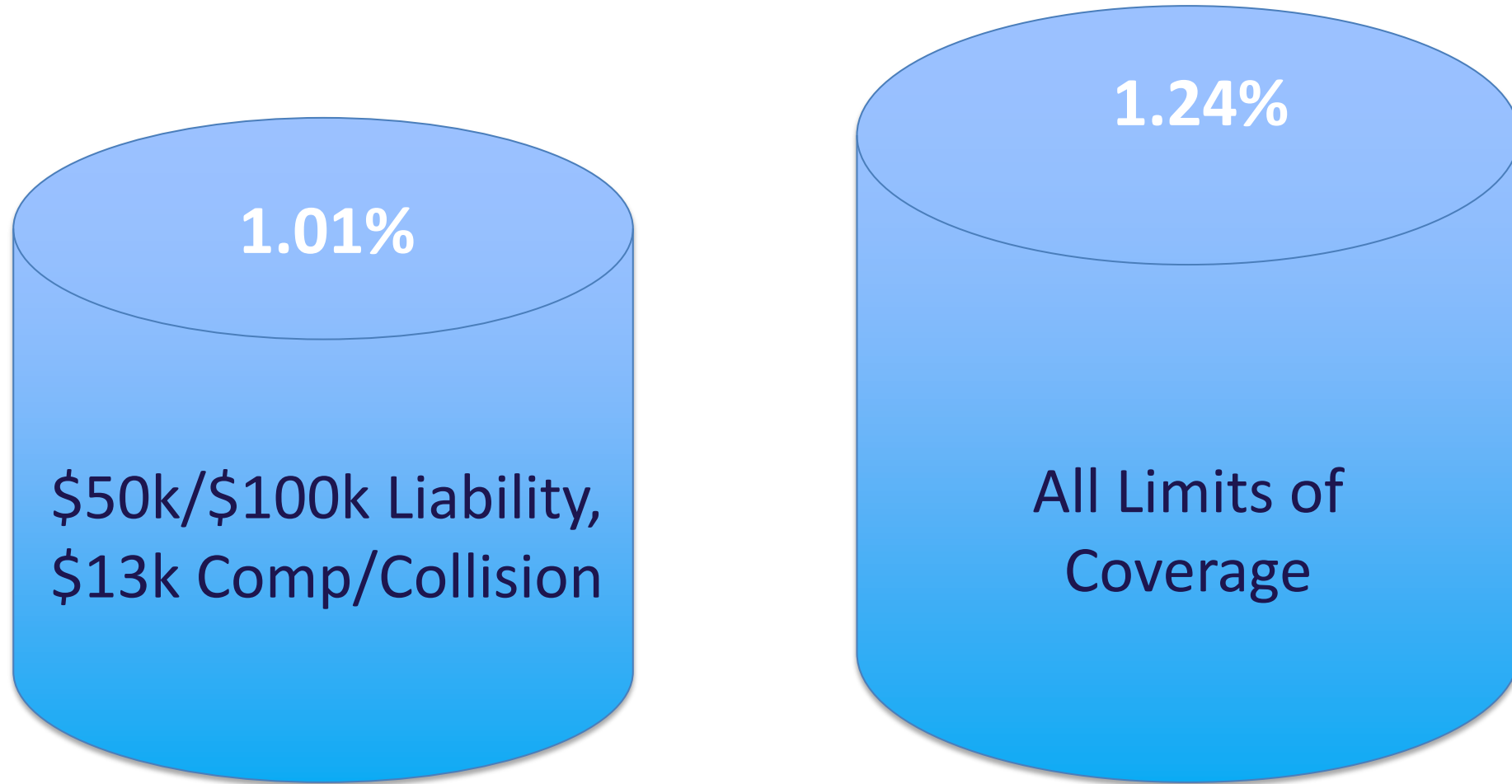
PP Auto Premiums Trending Lower



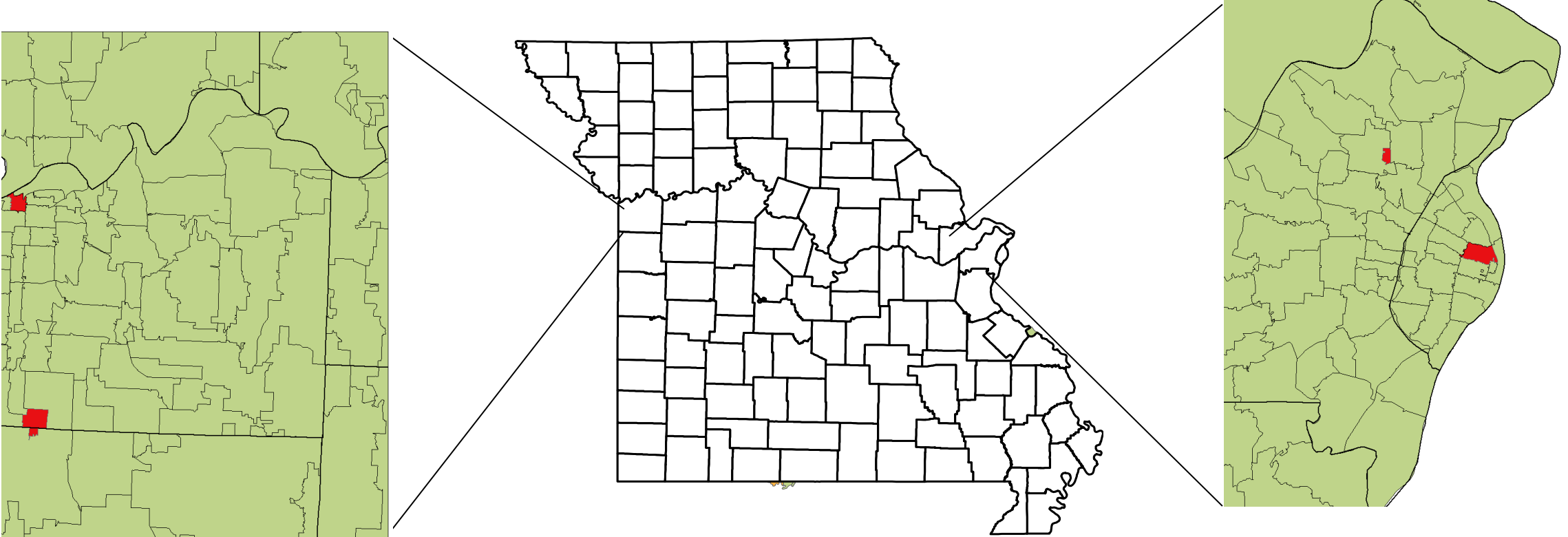
Auto Premiums Relative to Median Income



Private Passenger Auto Premiums Relative to Median Income



At Issue: 4 Missouri ZIPs



Source: <https://www.gpo.gov/fdsys/pkg/FR-2016-07-13/pdf/2016-16536.pdf>



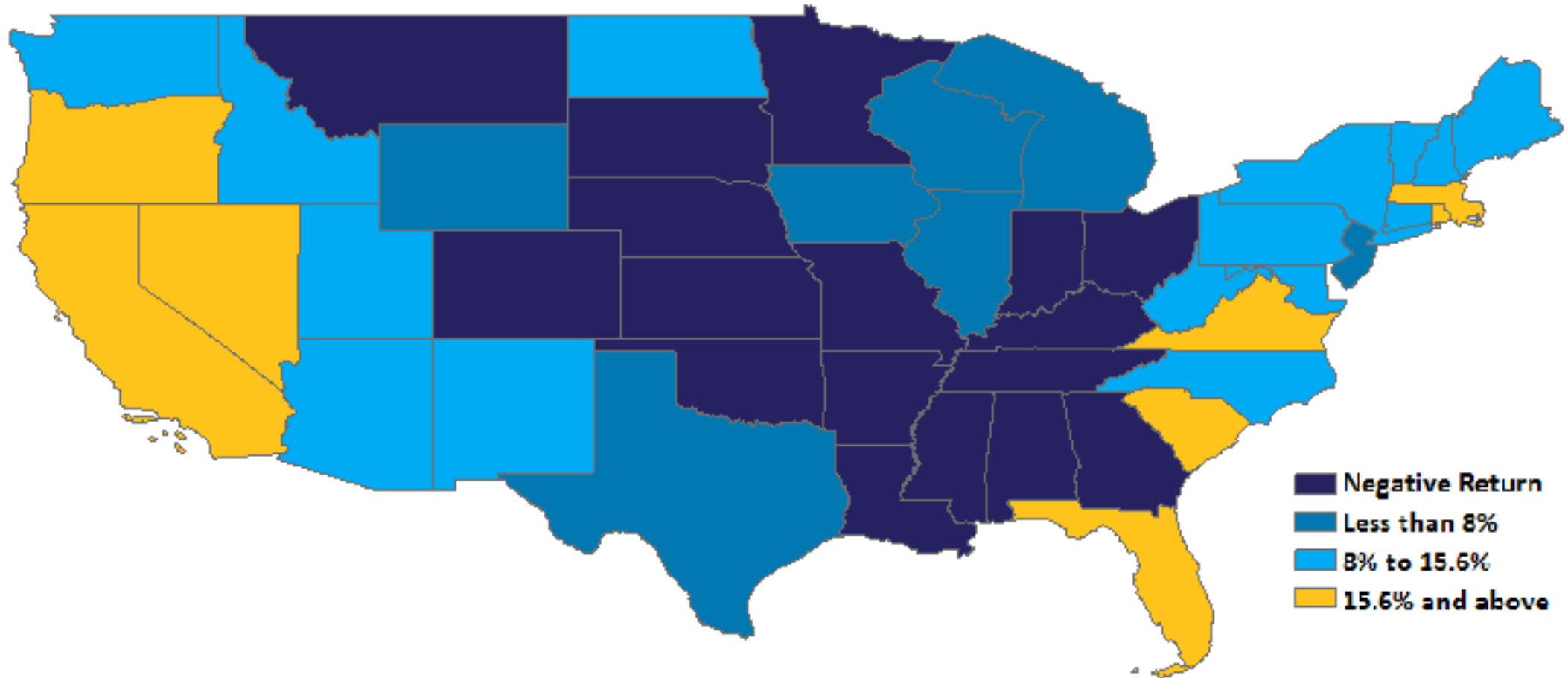
DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Homeowners



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Return on Net Worth: Missouri Negative RONW

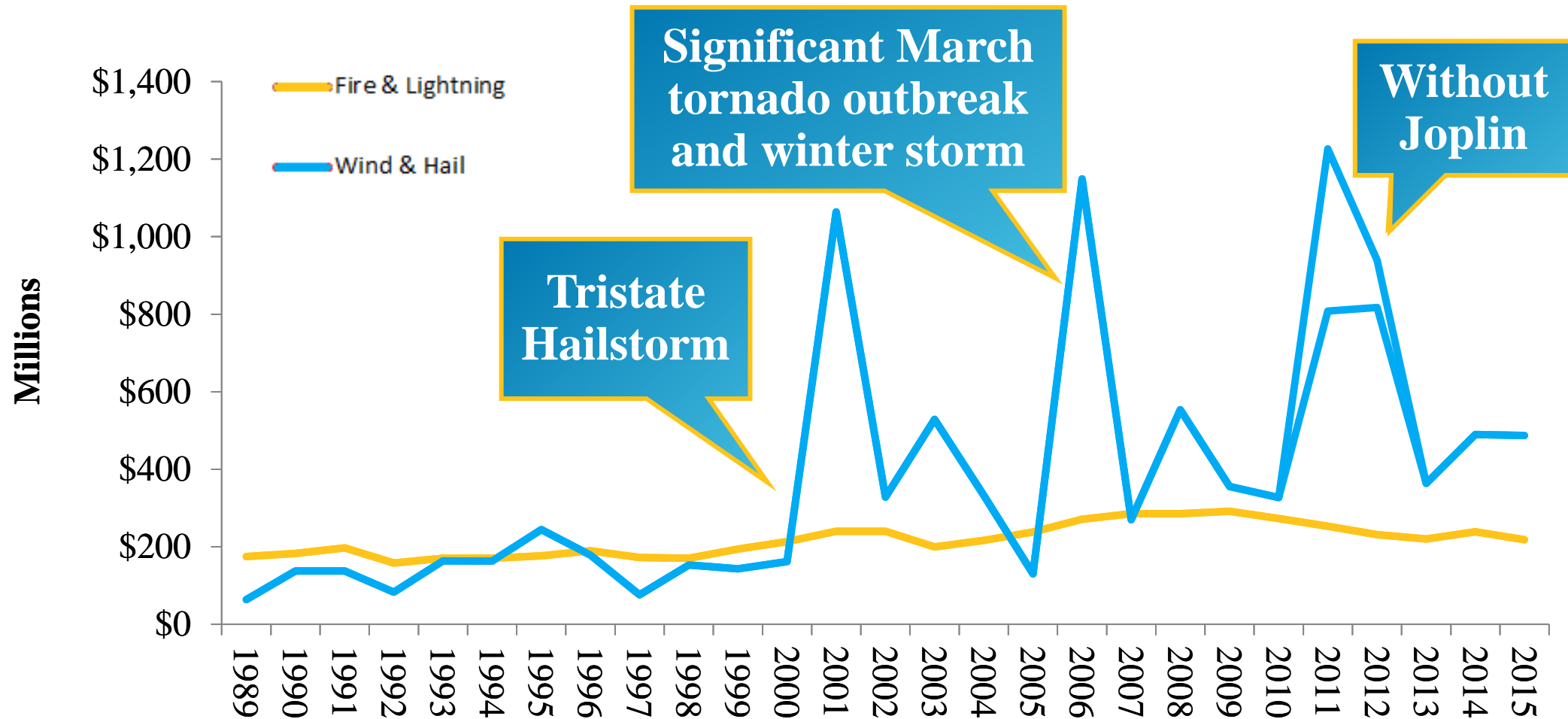


Source: NAIC Profitability Report

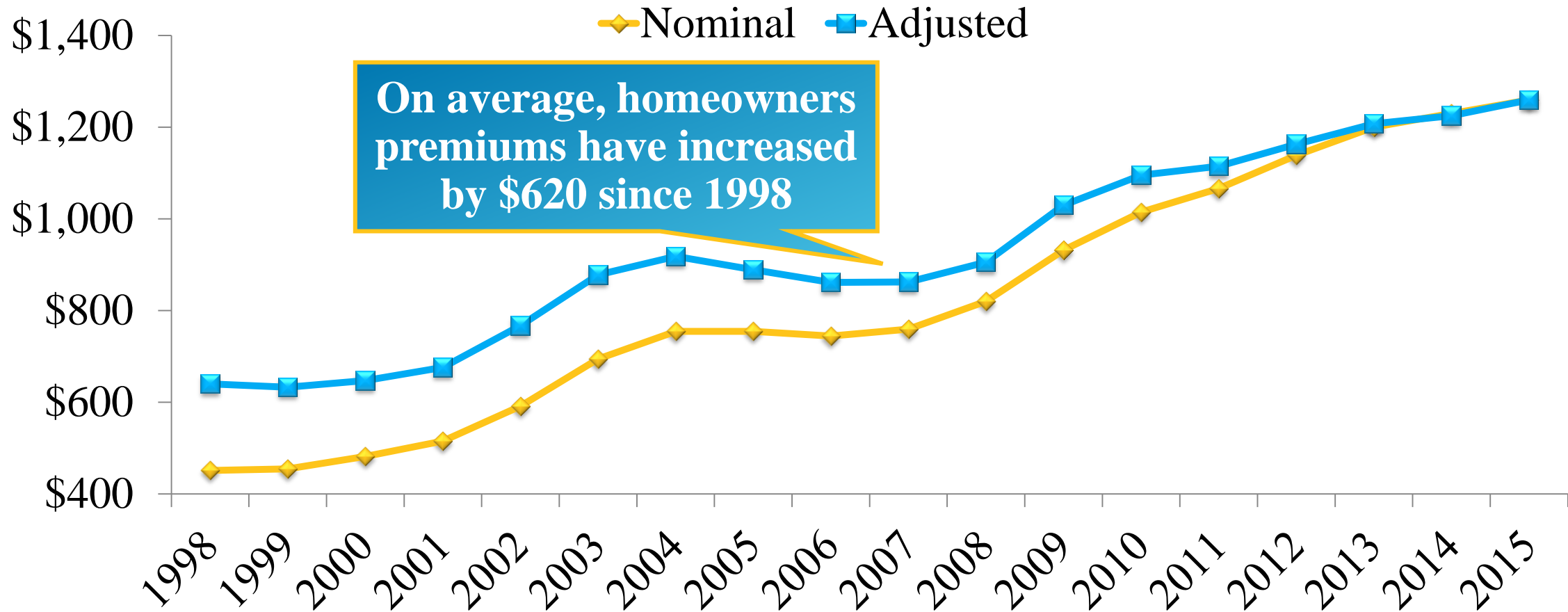


DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

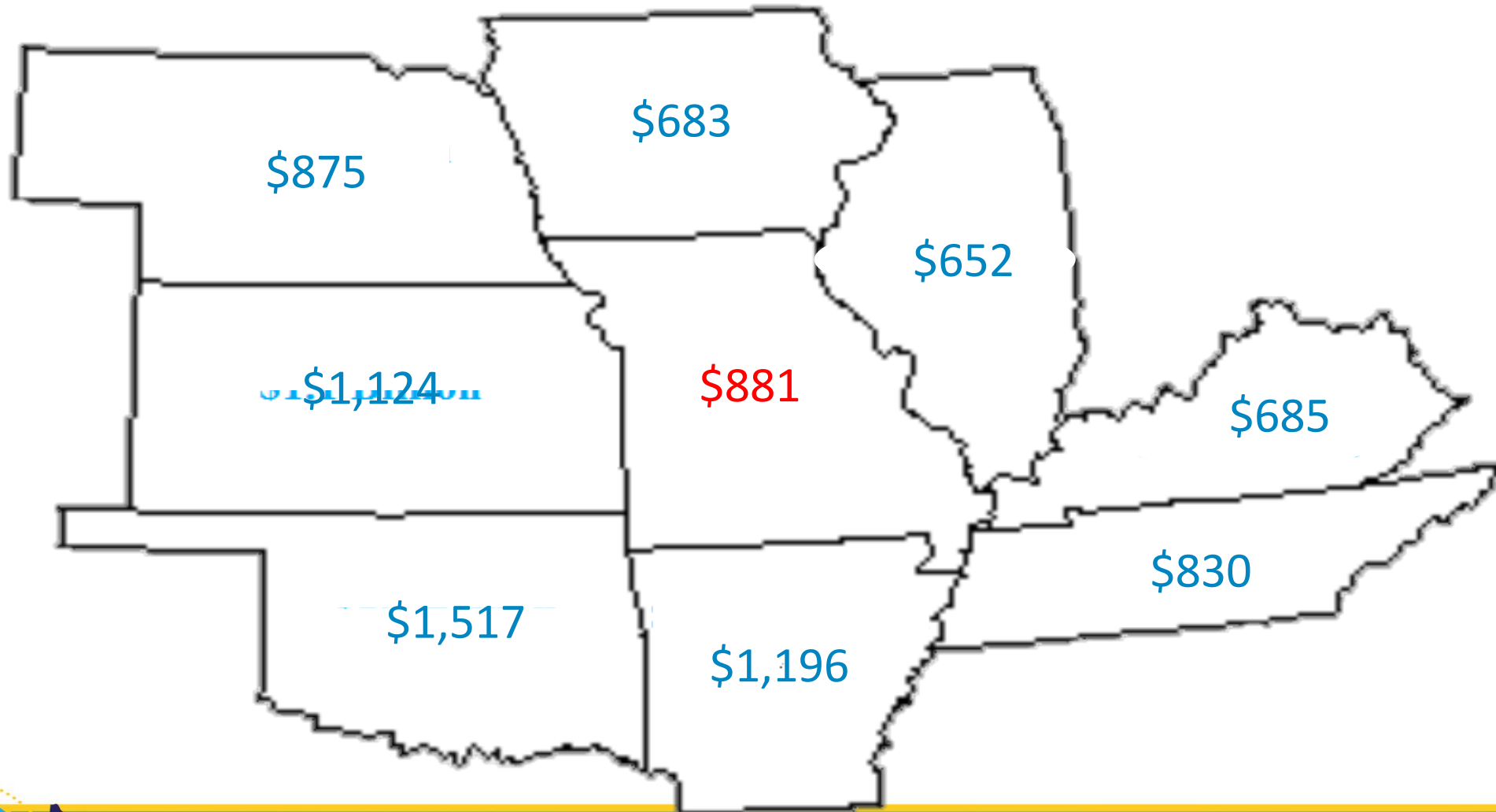
Storm Activity Driving Losses



Annual Premiums Reflect Claims



MO: Average HO Premiums “Middle of the Road”

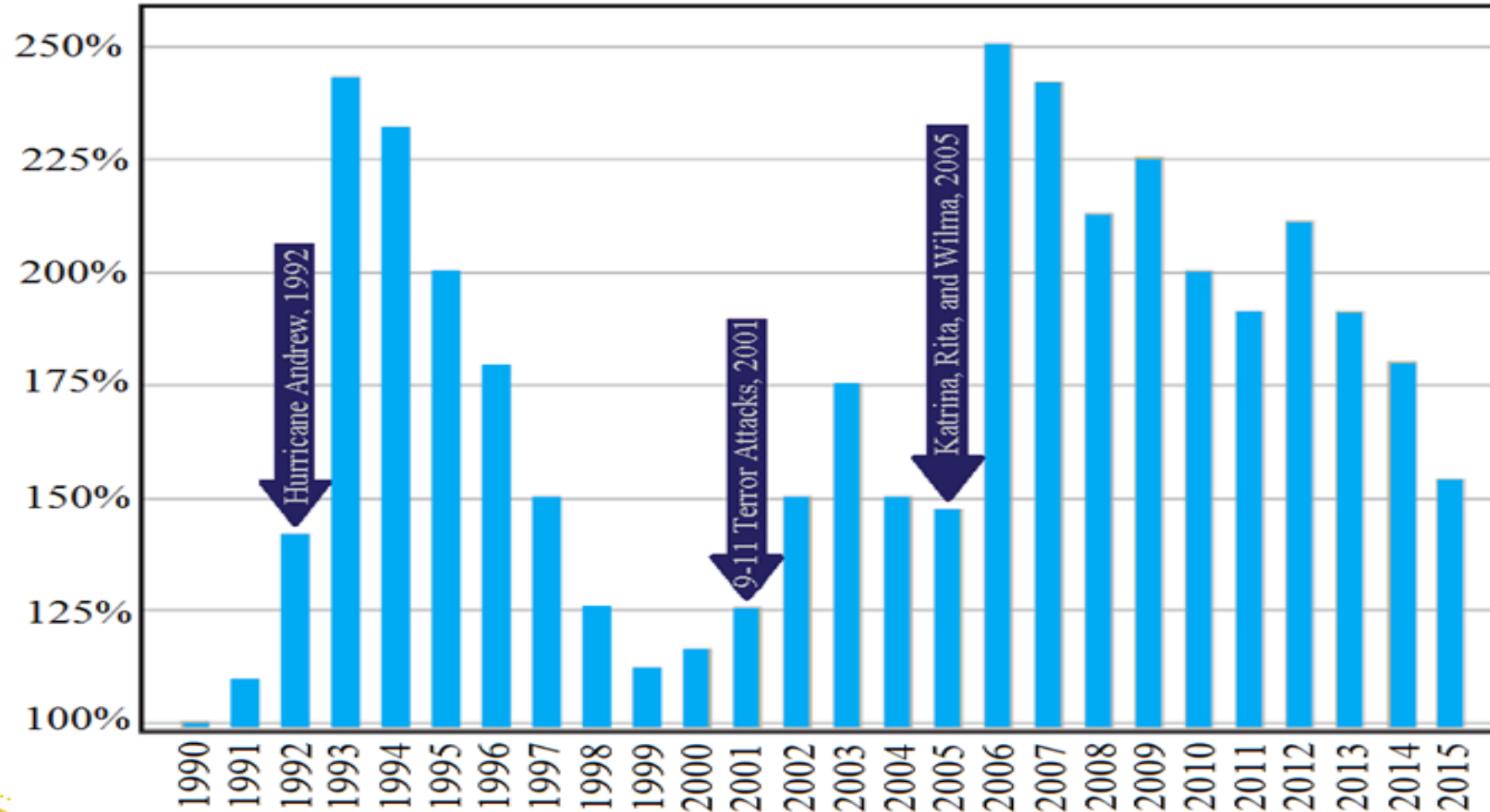


Earthquake



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

US Market: Decreasing Reinsurance Prices

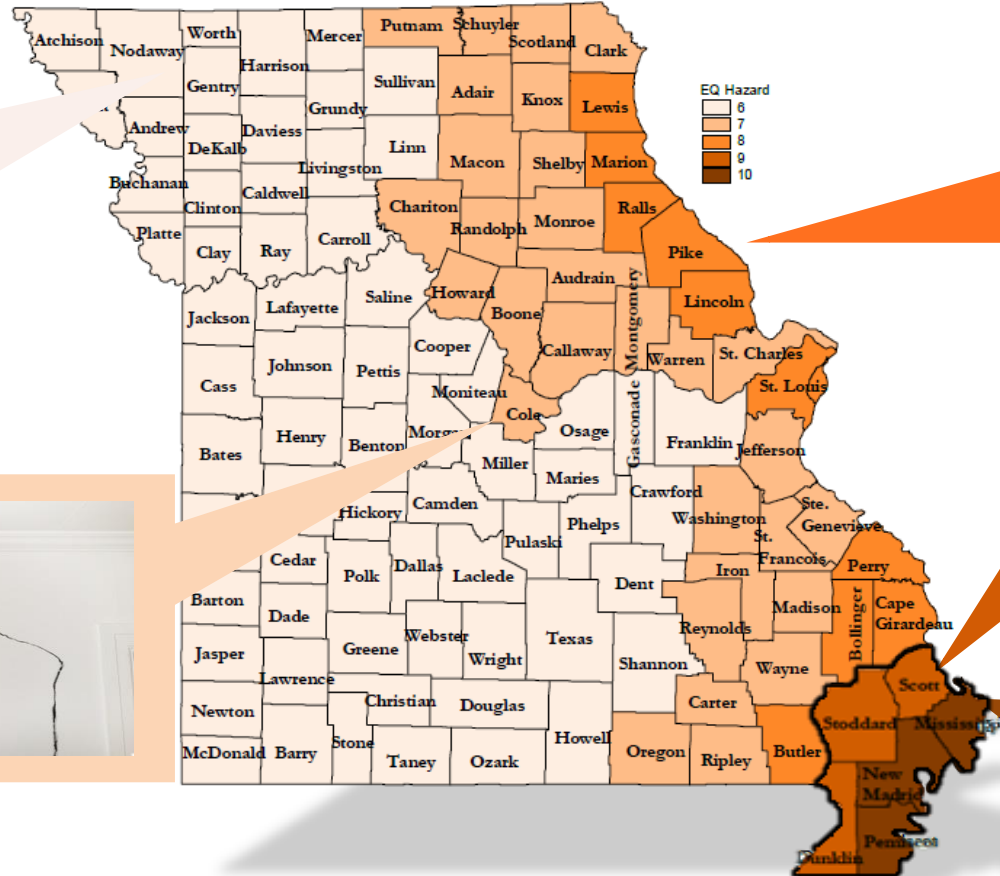


Missouri “At Tipping Point”

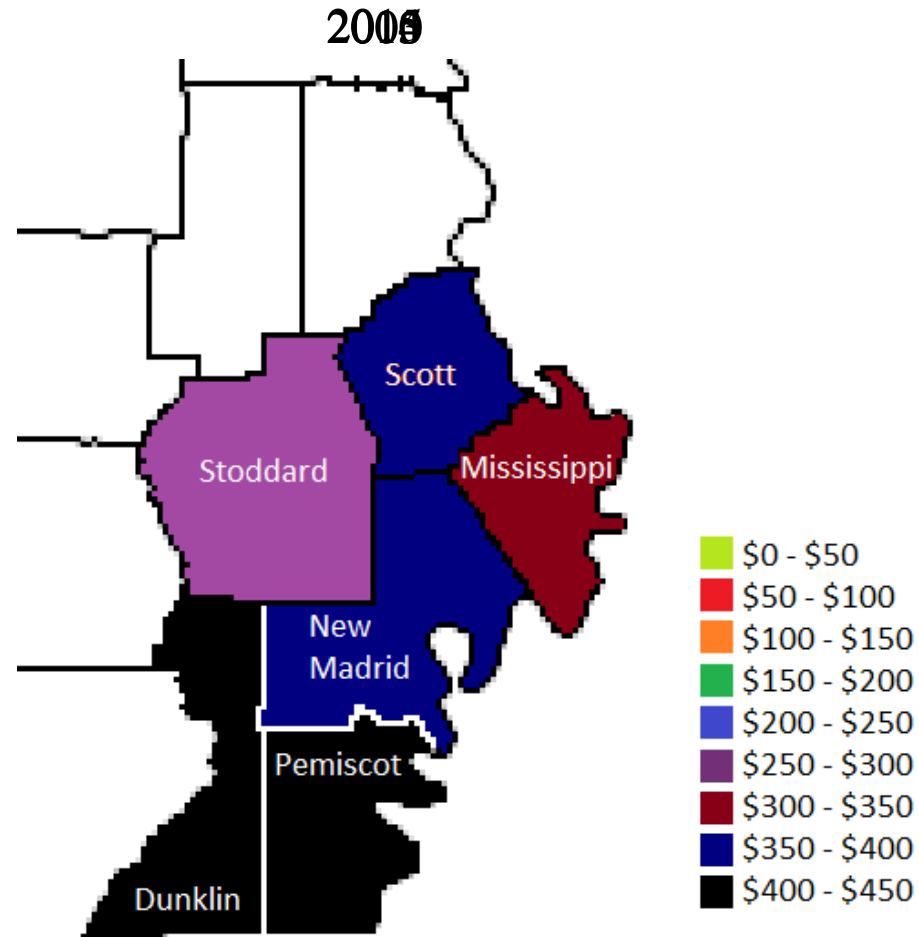
- Dramatic contraction in Missouri market
- 67 writers have exited market since 2000
- 1/3 of homeowners insurers don't offer EQ
- Less than 1 in 5 homes of homes in high risk regions have earthquake coverage
- \$105 billion in uninsured dwellings; \$90 Billion in insured dwellings



Estimated Damage from Region 6 Earthquake

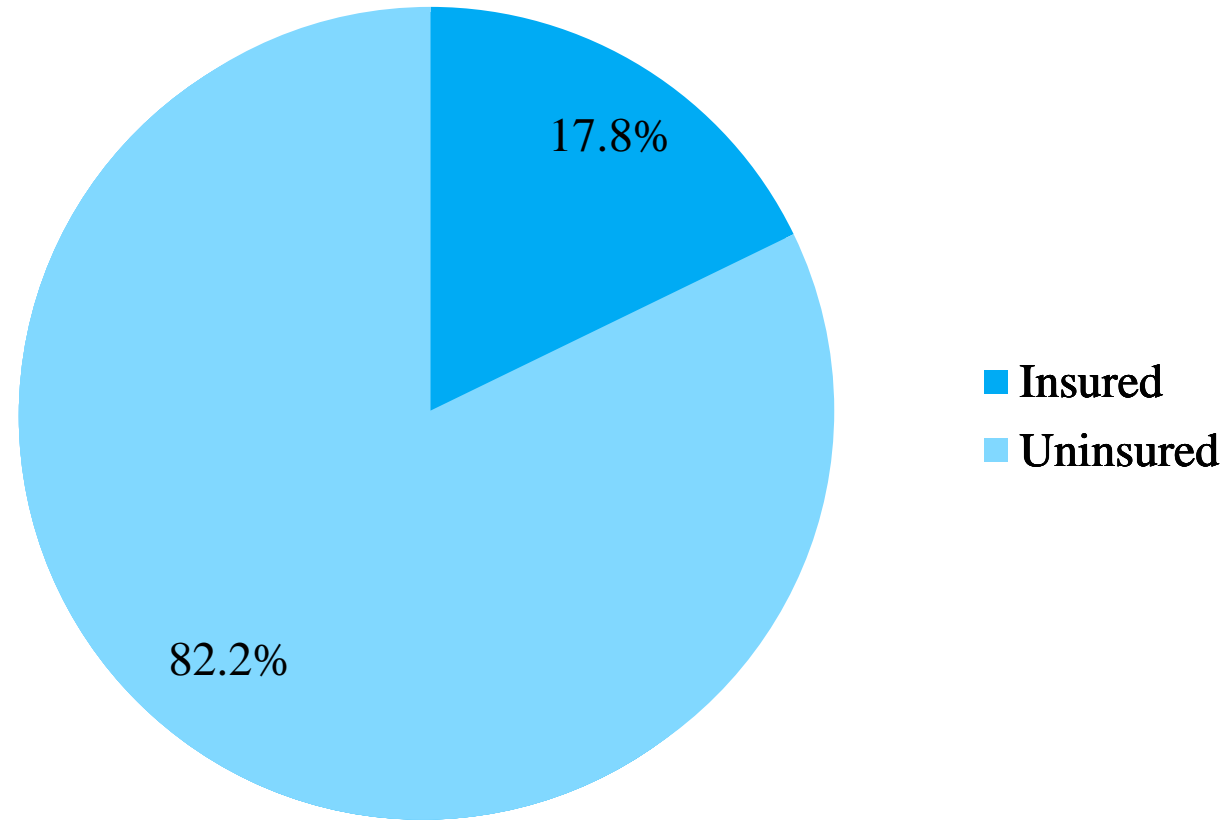


Increasing Earthquake Premiums

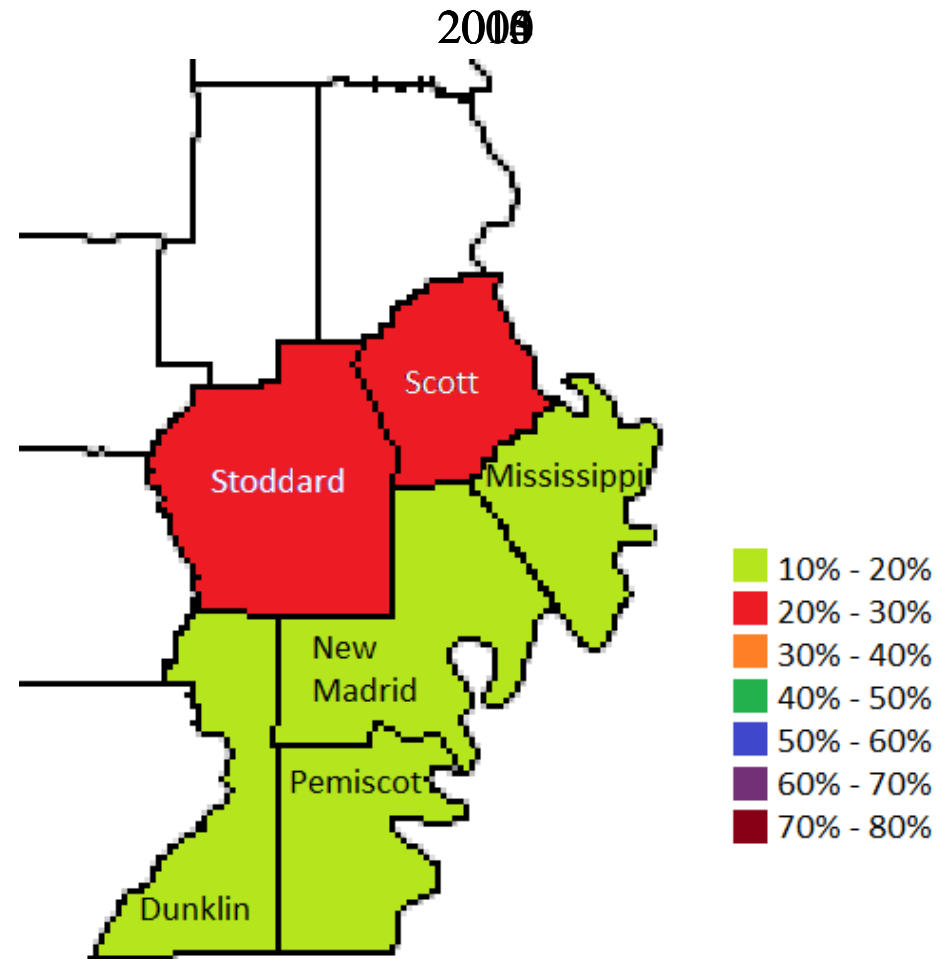


New Madrid Region Take-Up Rates

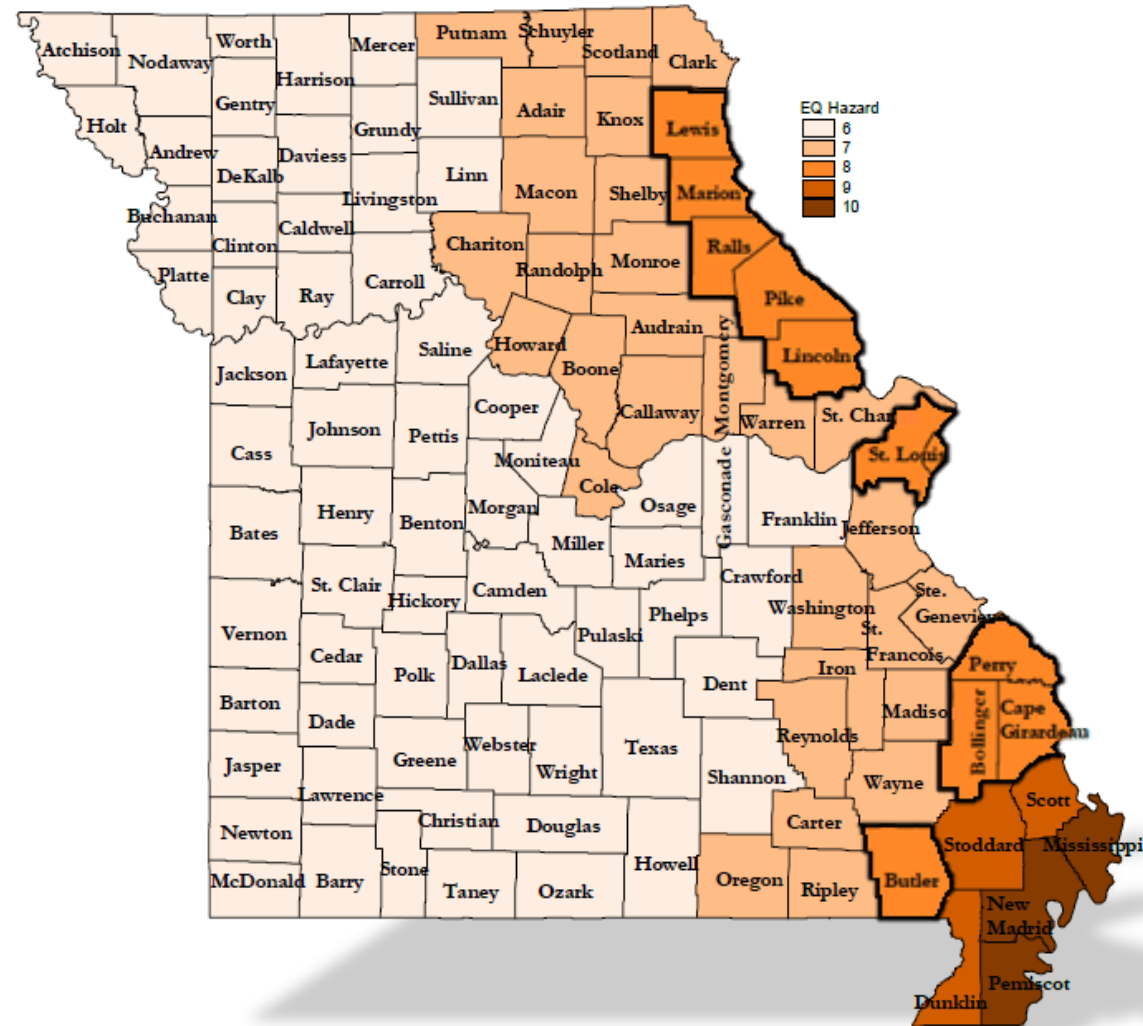
2008



County by County Take-Up Rates

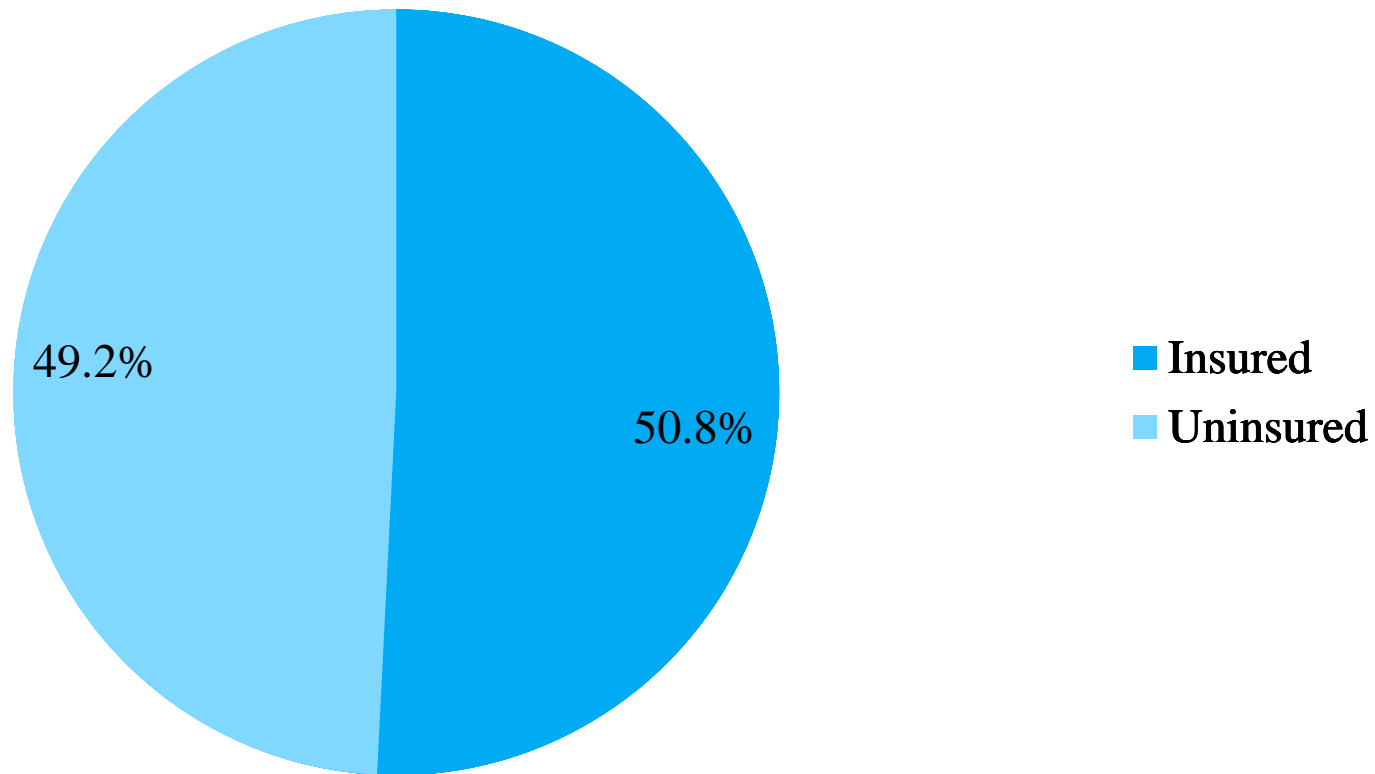


Other High Risk Regions

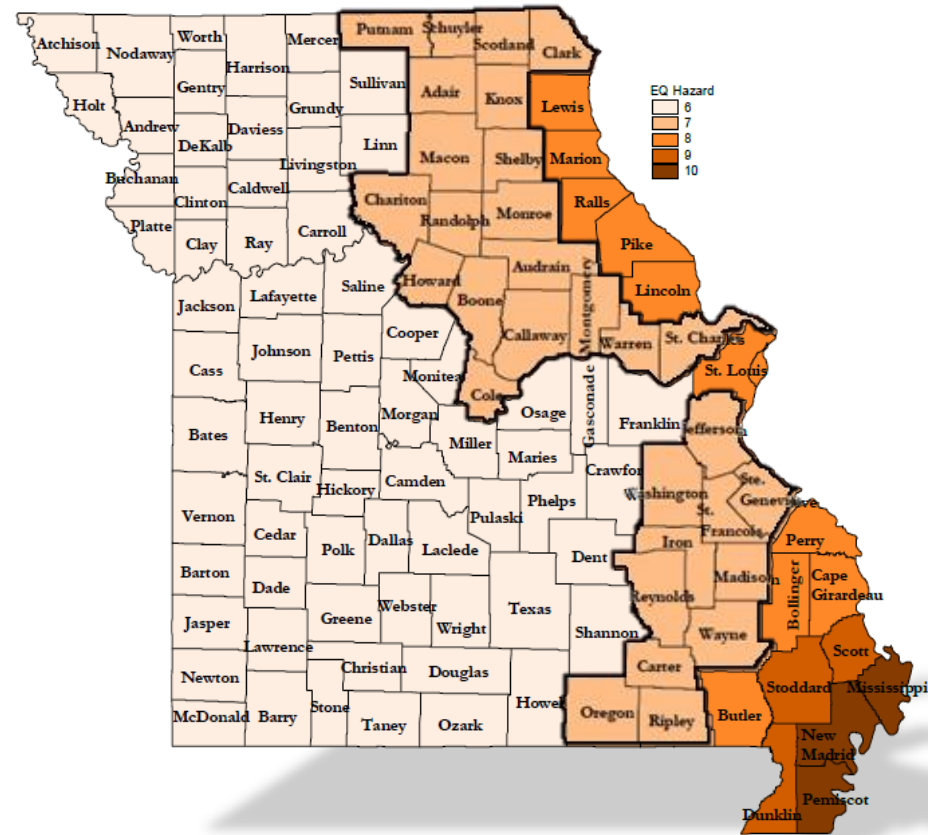


High Risk Region Take-Up Rates

2008

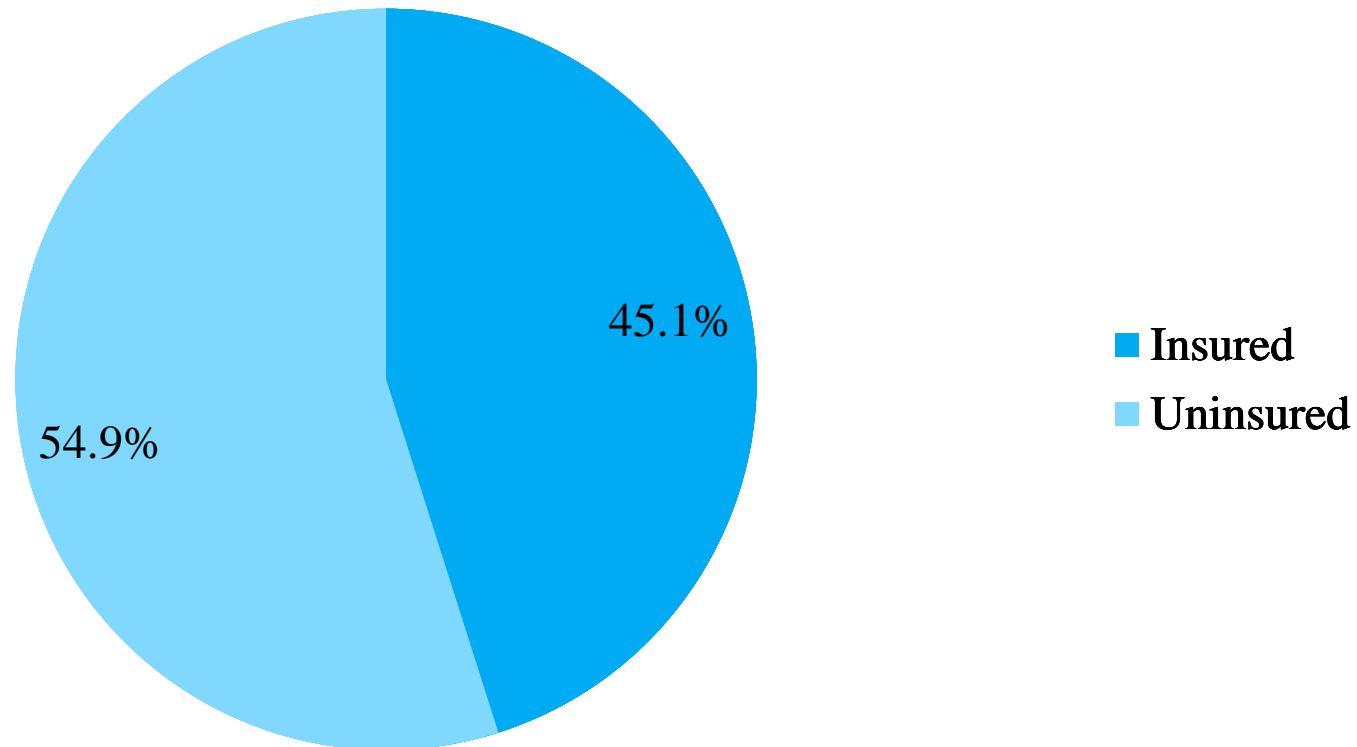


Moderate Risk Region

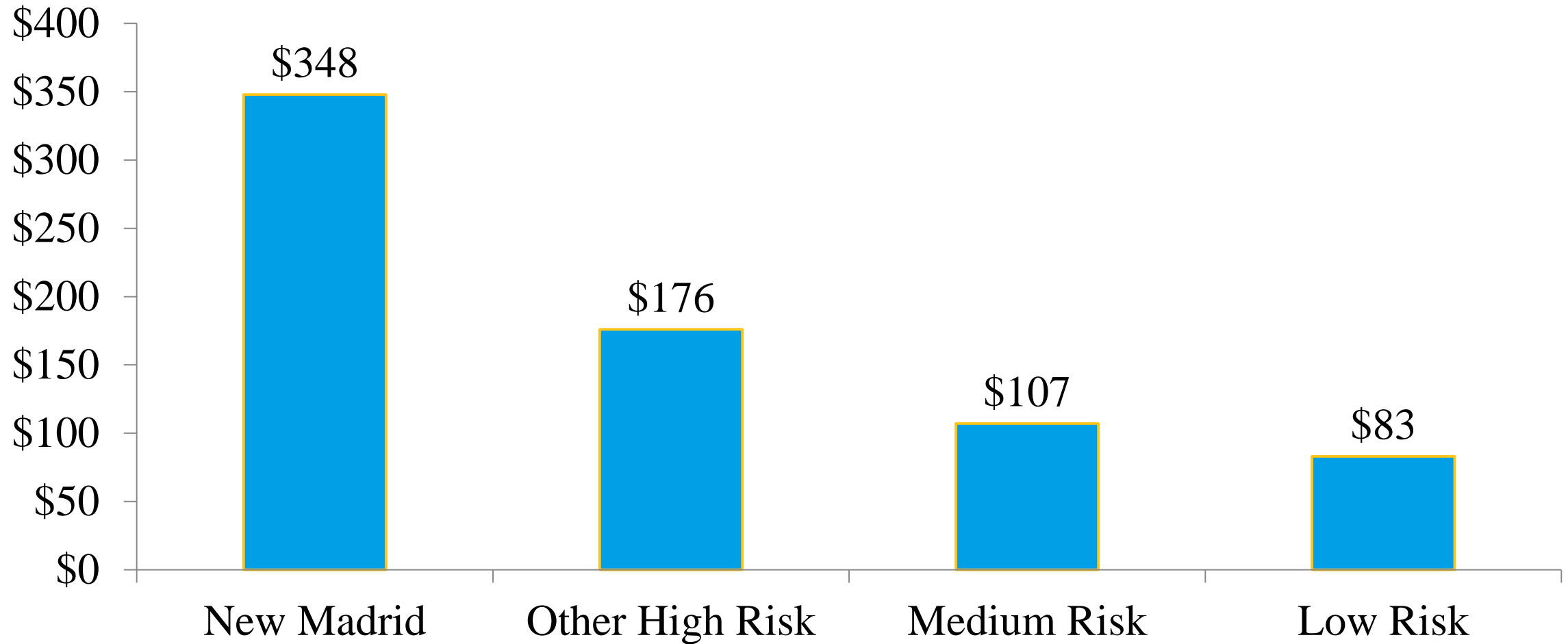


Moderate Risk Region Take-Up Rates

2008



2015 Earthquake Average Premiums

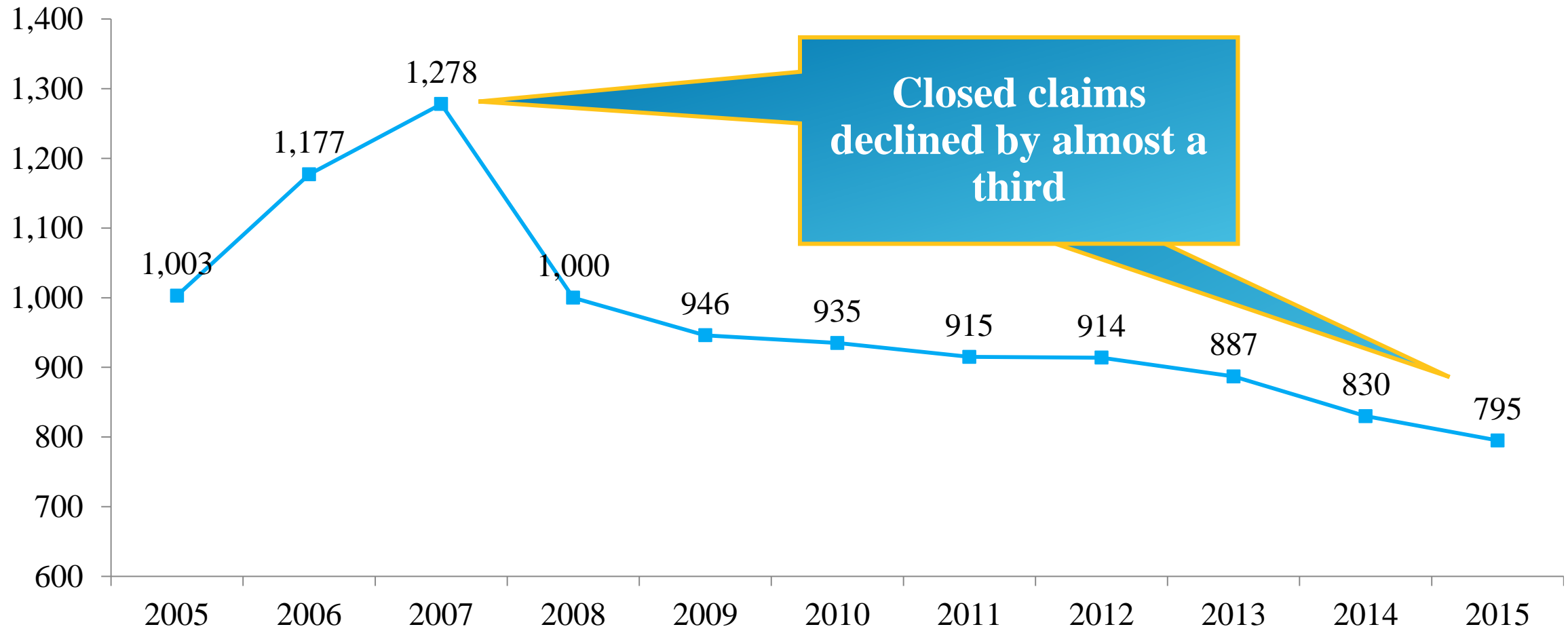


Medical Liability

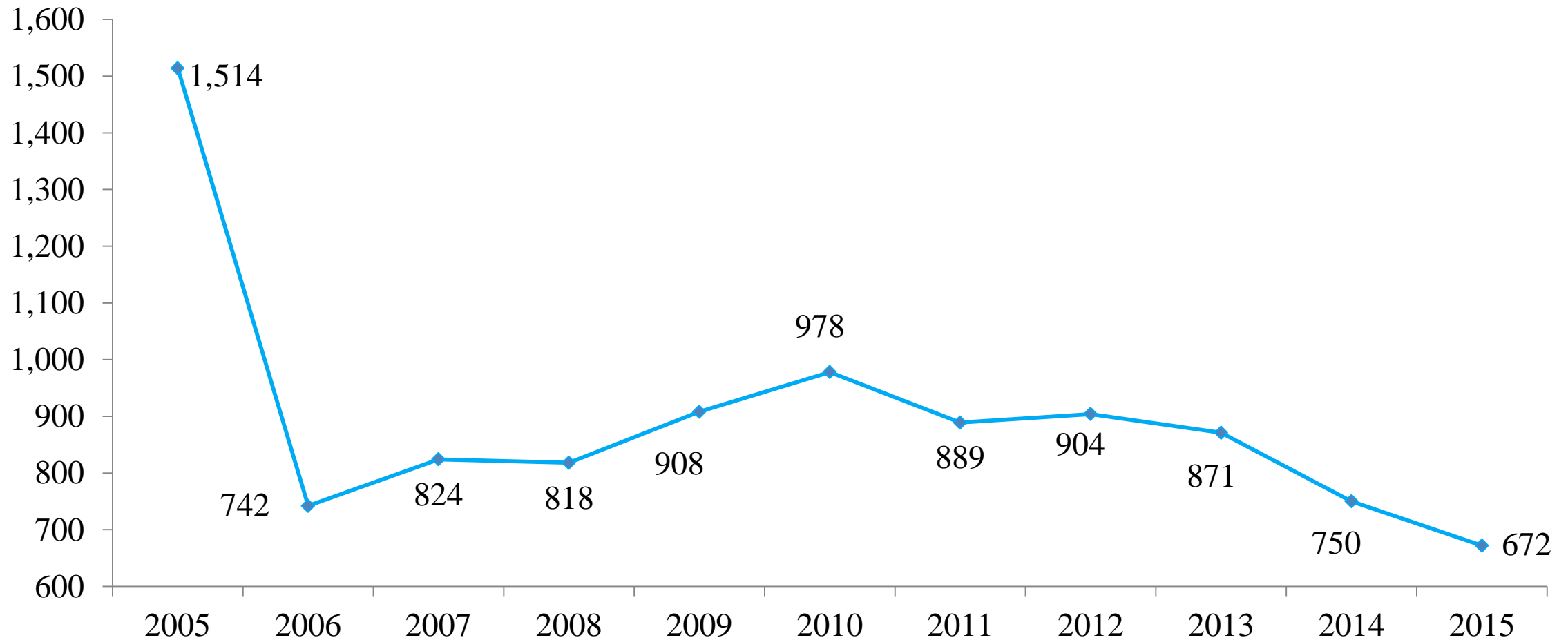


DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Medical Liability Closed Claims Declining



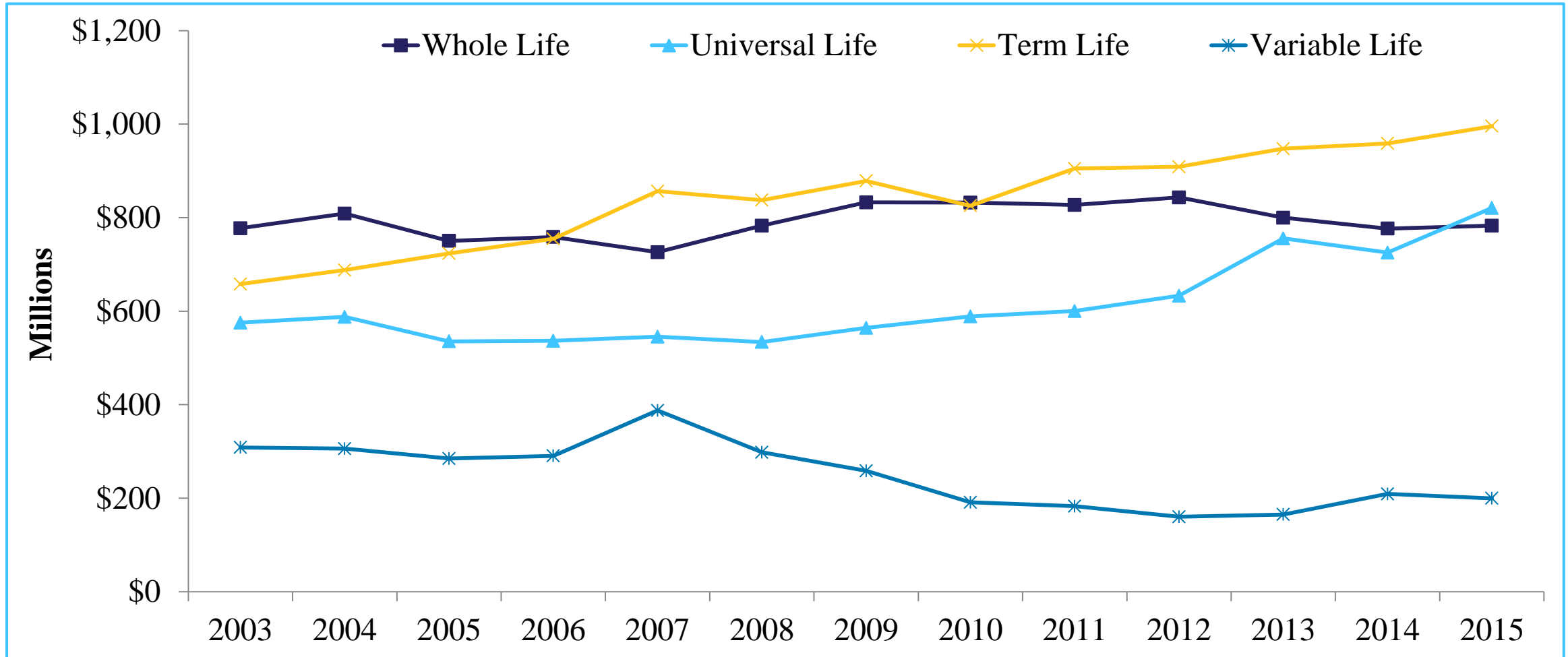
Medical Liability Newly Reported Claims Declining



Life Insurance



Life Premiums Stable

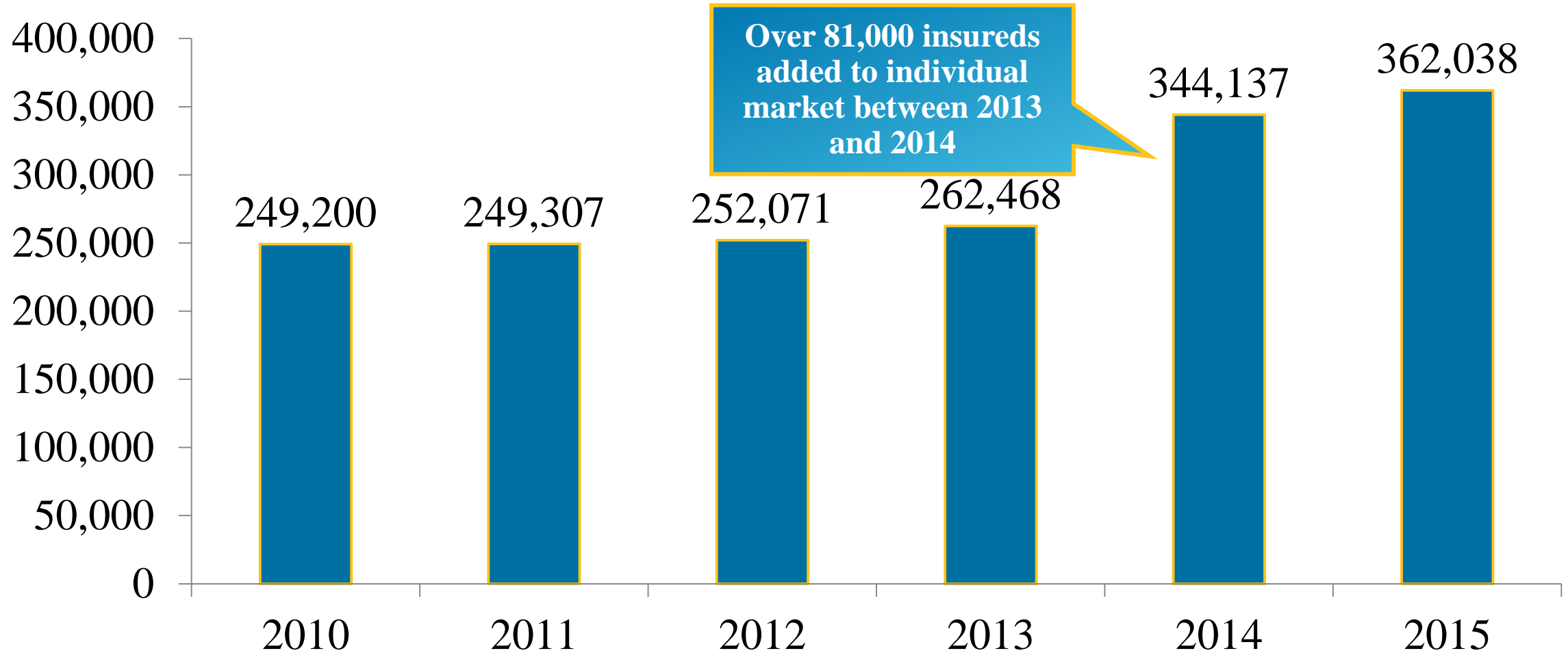


Health Insurance

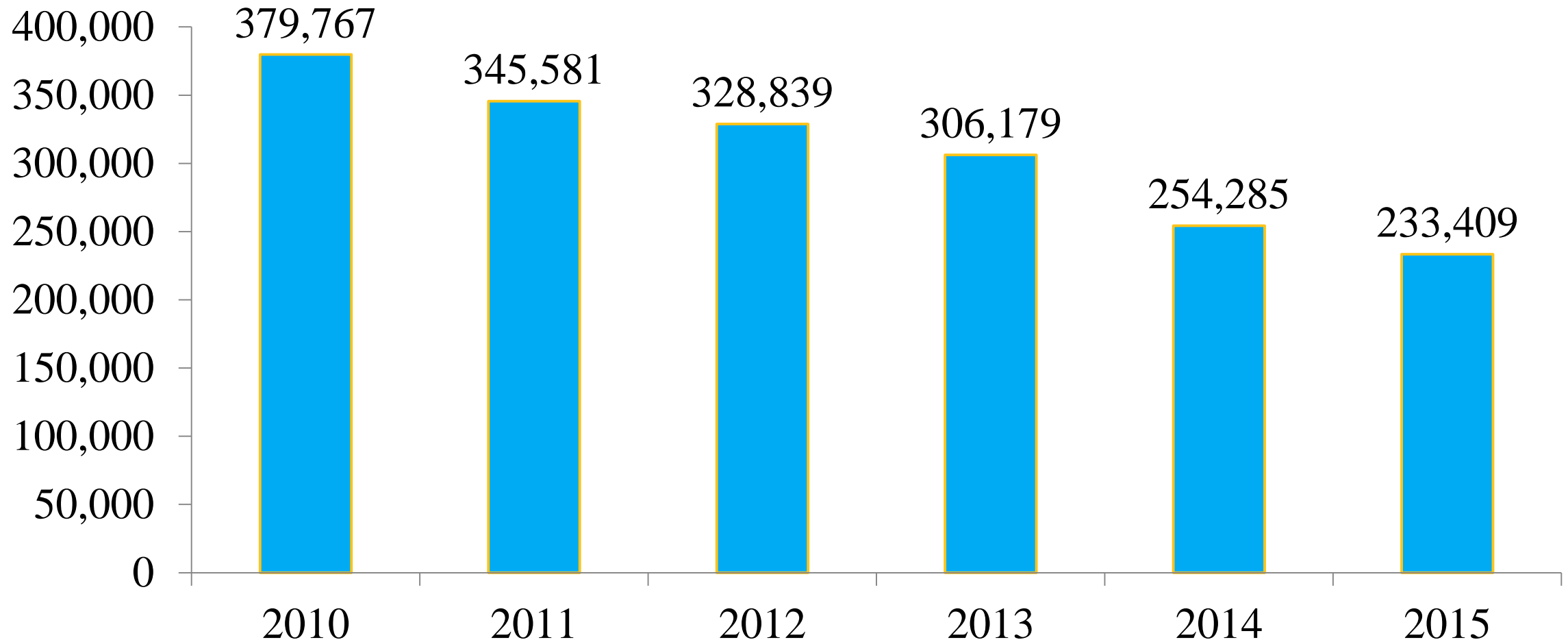


DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

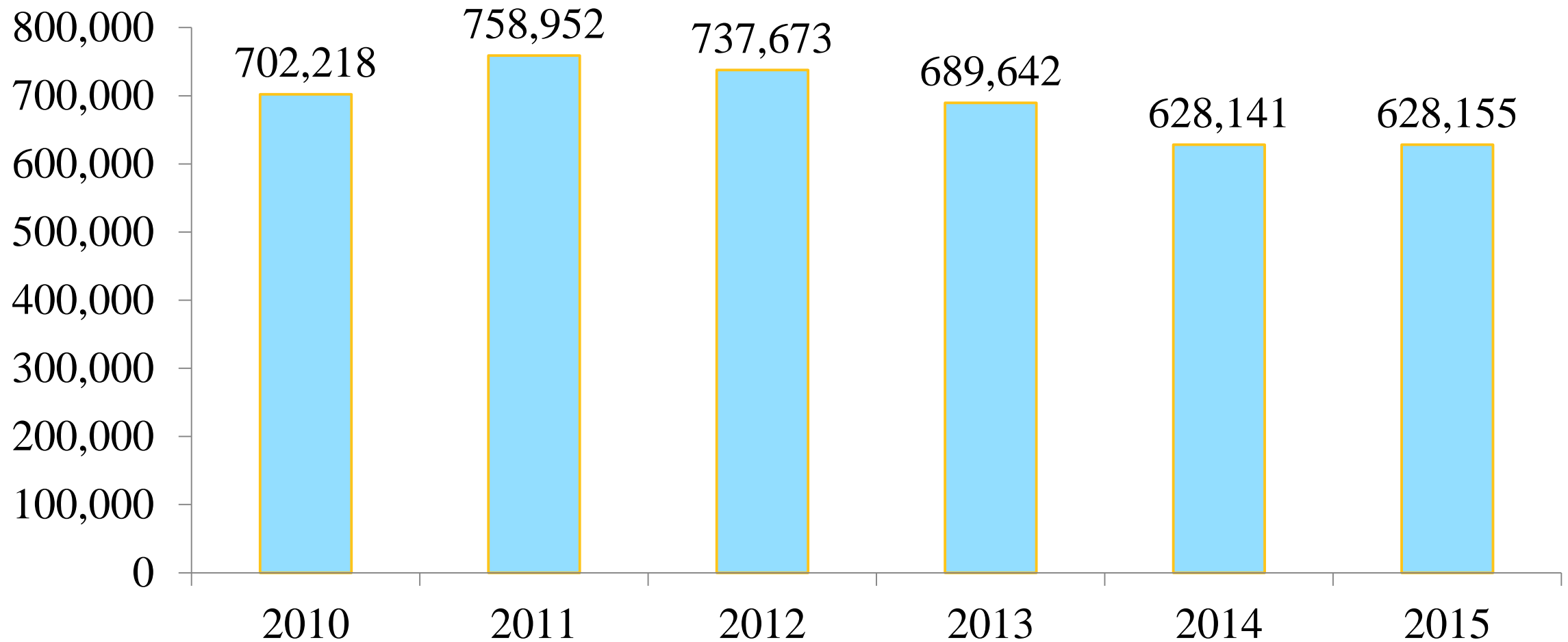
Covered Lives Individual Market



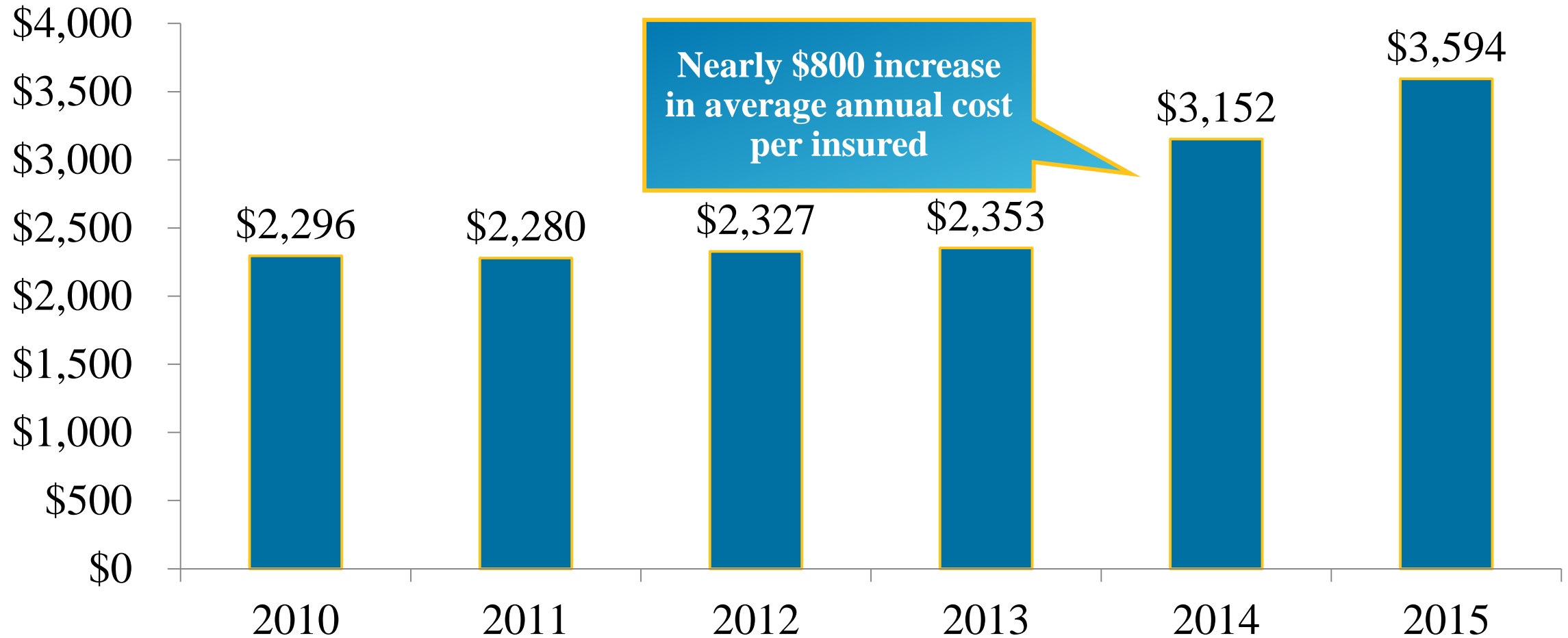
Small Group Market Covered Lives



Large Group Market Covered Lives



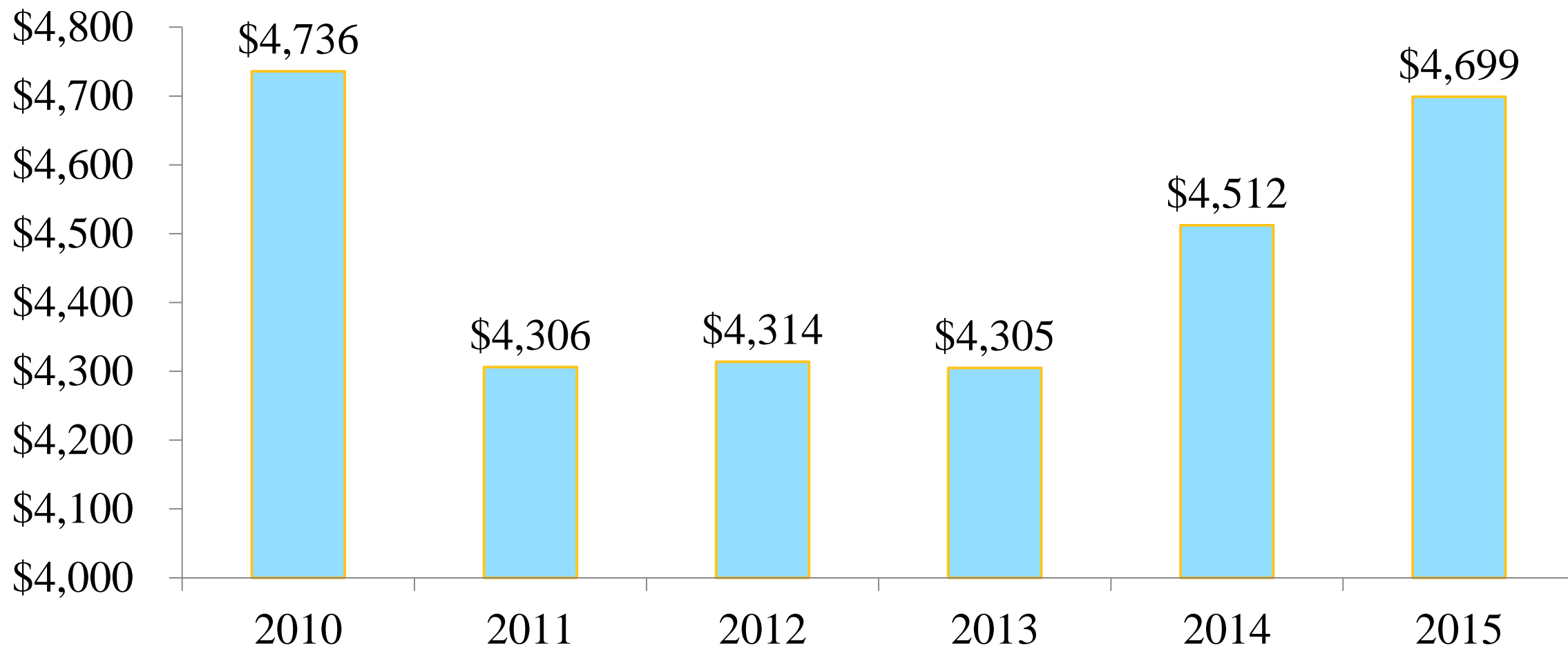
Individual Market Annual Cost



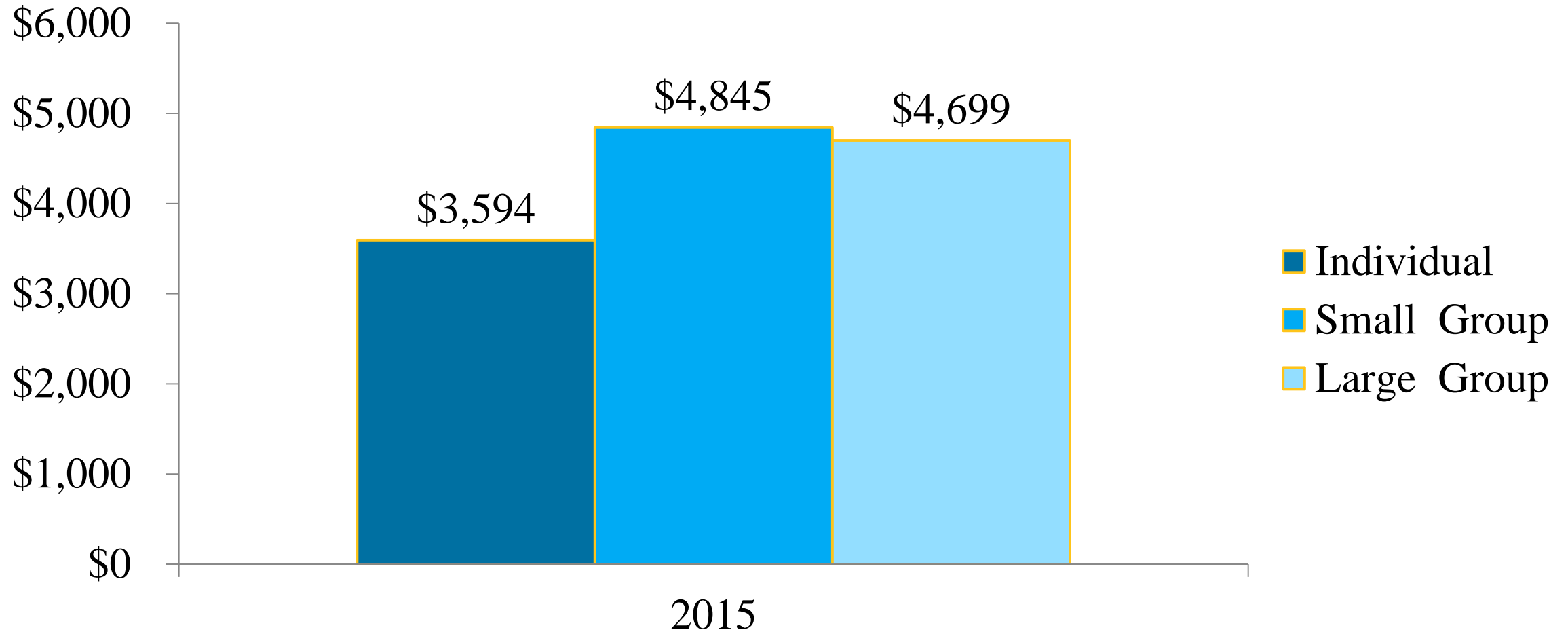
Small Group Market Annual Cost



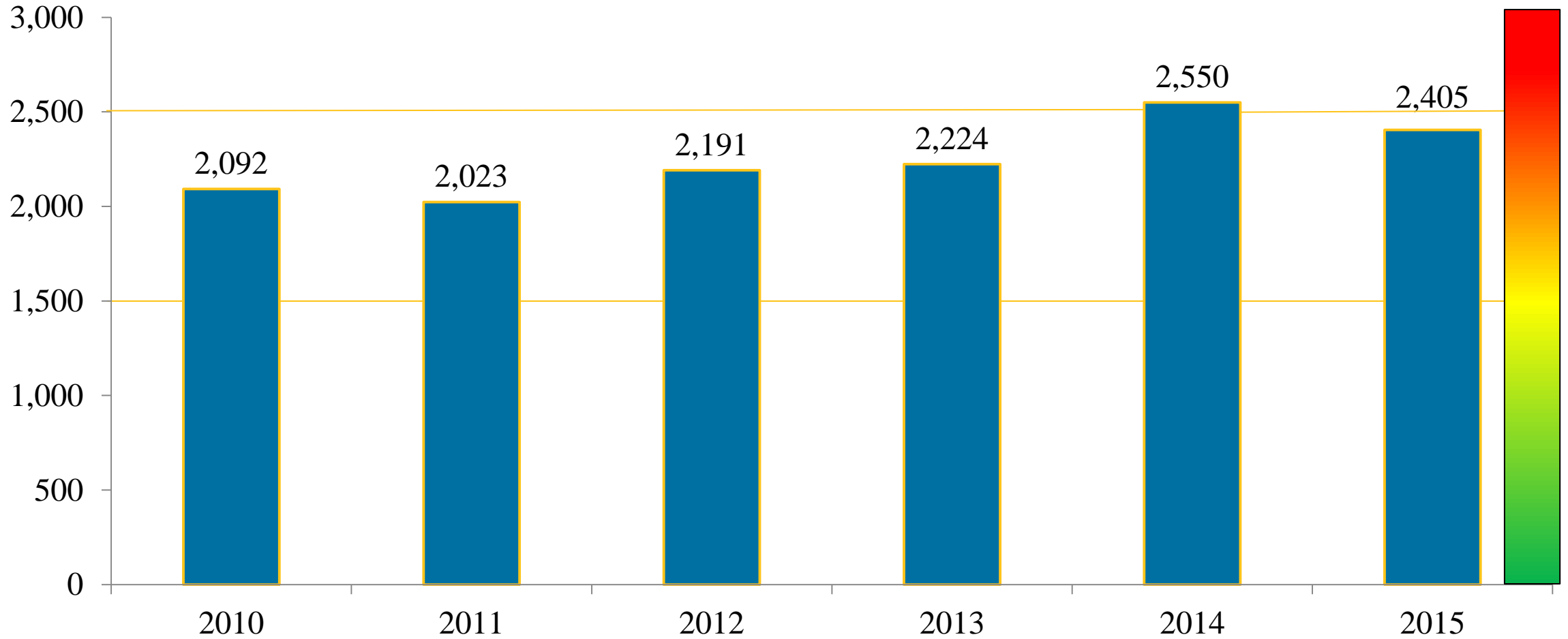
Large Group Market Annual Cost



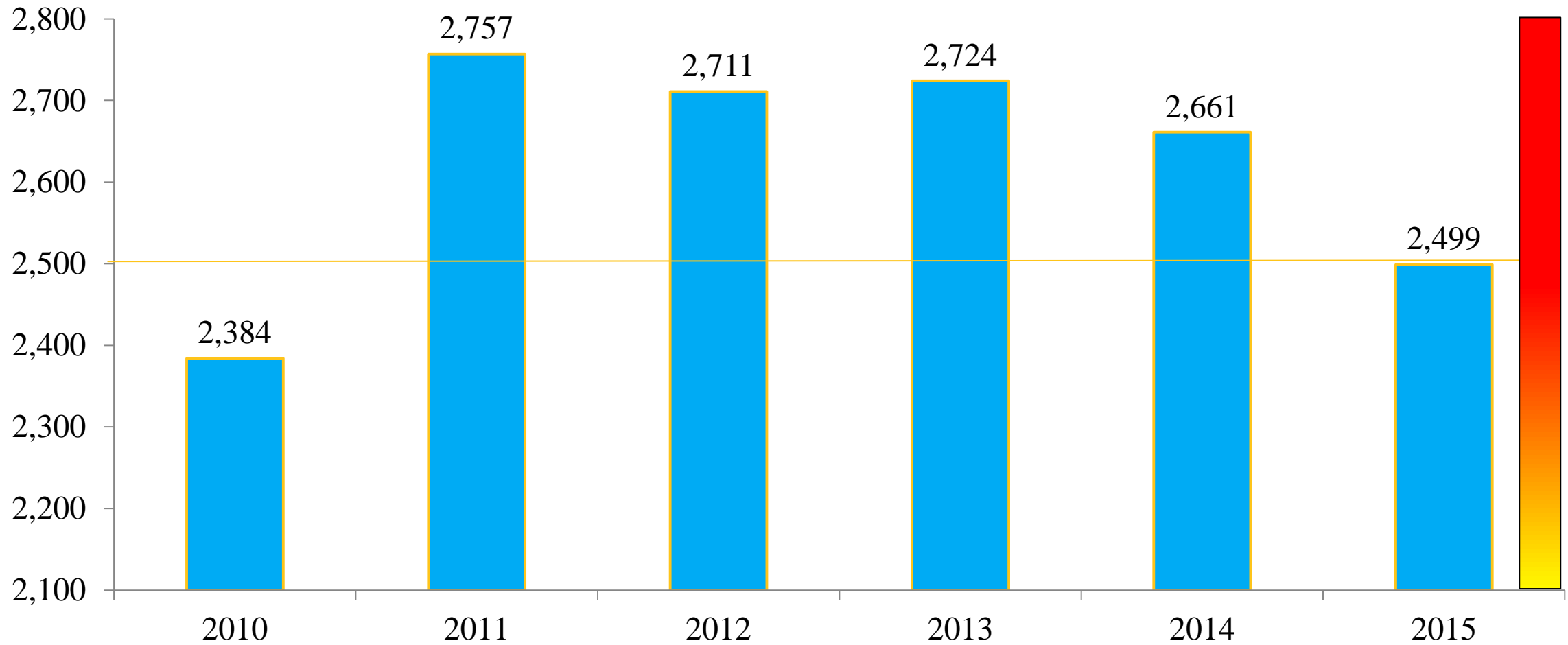
Comparing Annual Cost by Market



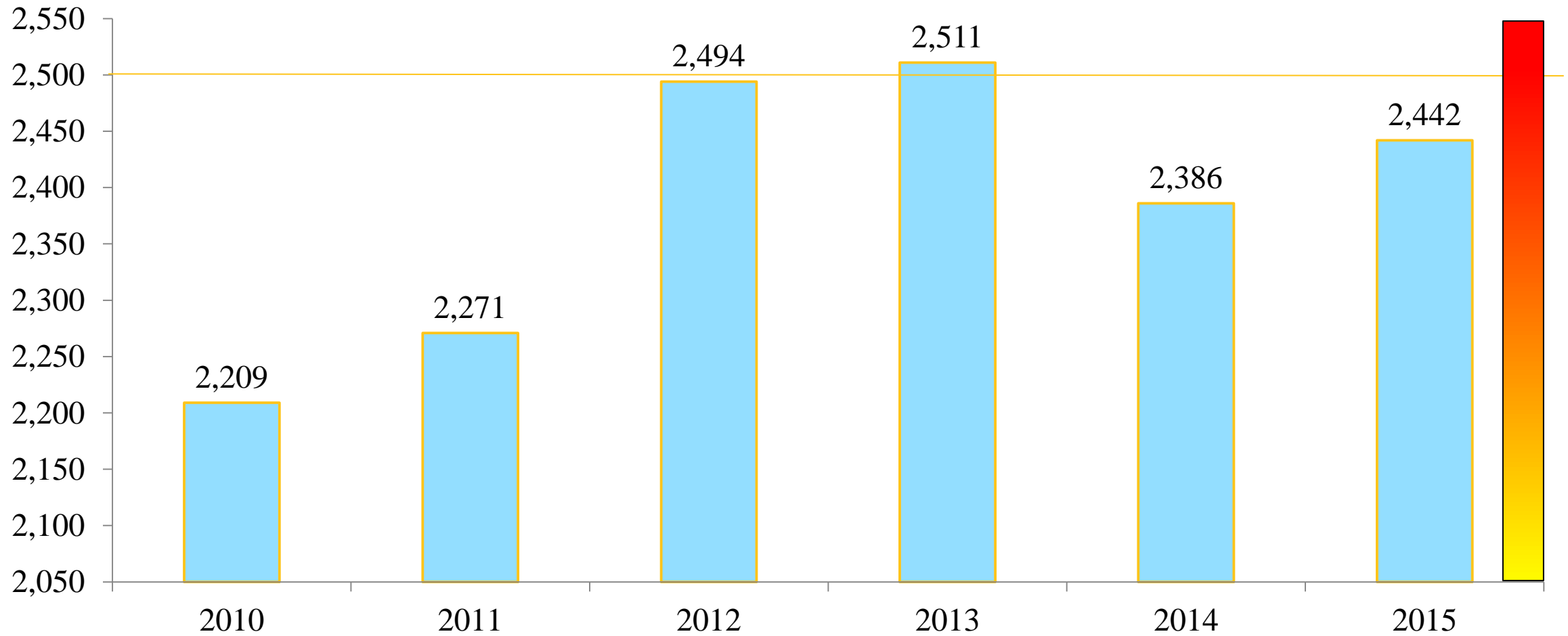
Individual Health Market “Highly Concentrated”



Small Group Health Market “Highly Concentrated”



Large Group Market “Moderately Concentrated”



Missouri Insurance Markets

Competitive Markets

- Private Passenger Auto
- Homeowners*
- Workers' Comp
- Medical Malpractice
- Life
- Annuity

Challenging Markets

- Individual Health
- Small Group Health
- Large Group Health

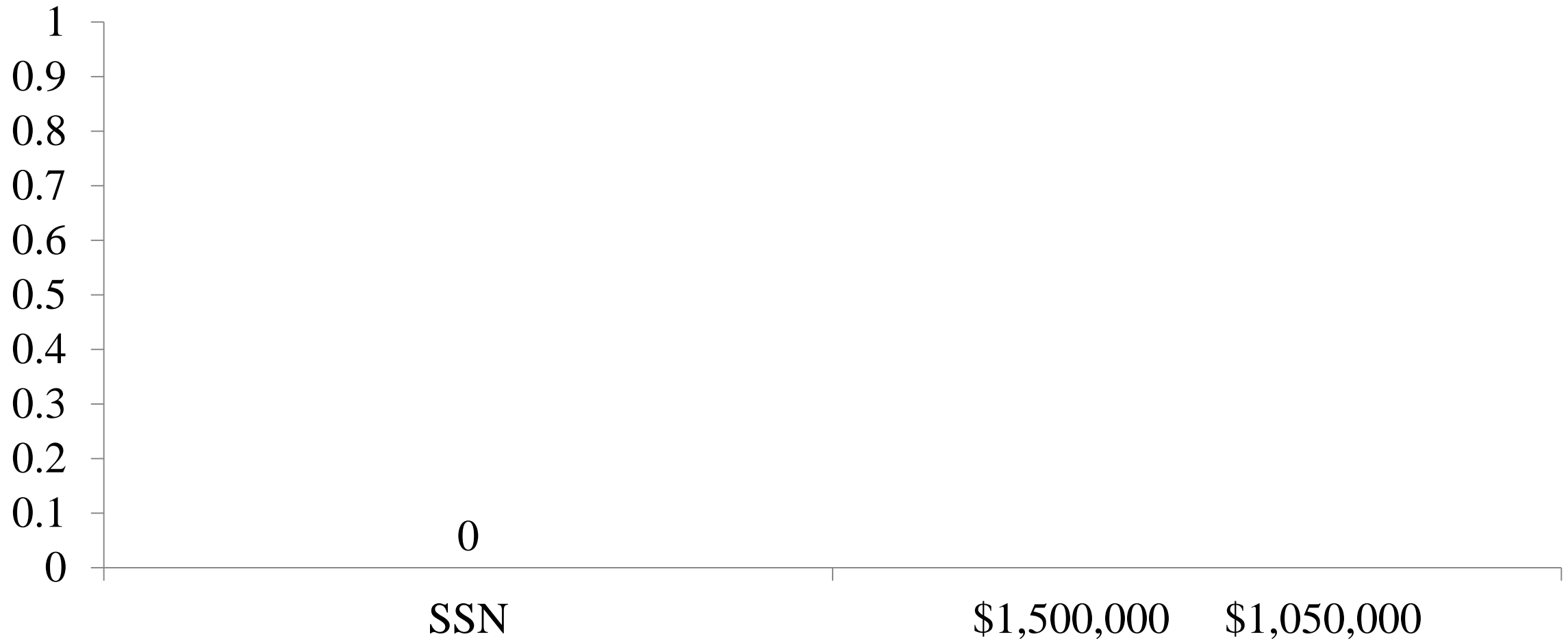


Retrospective

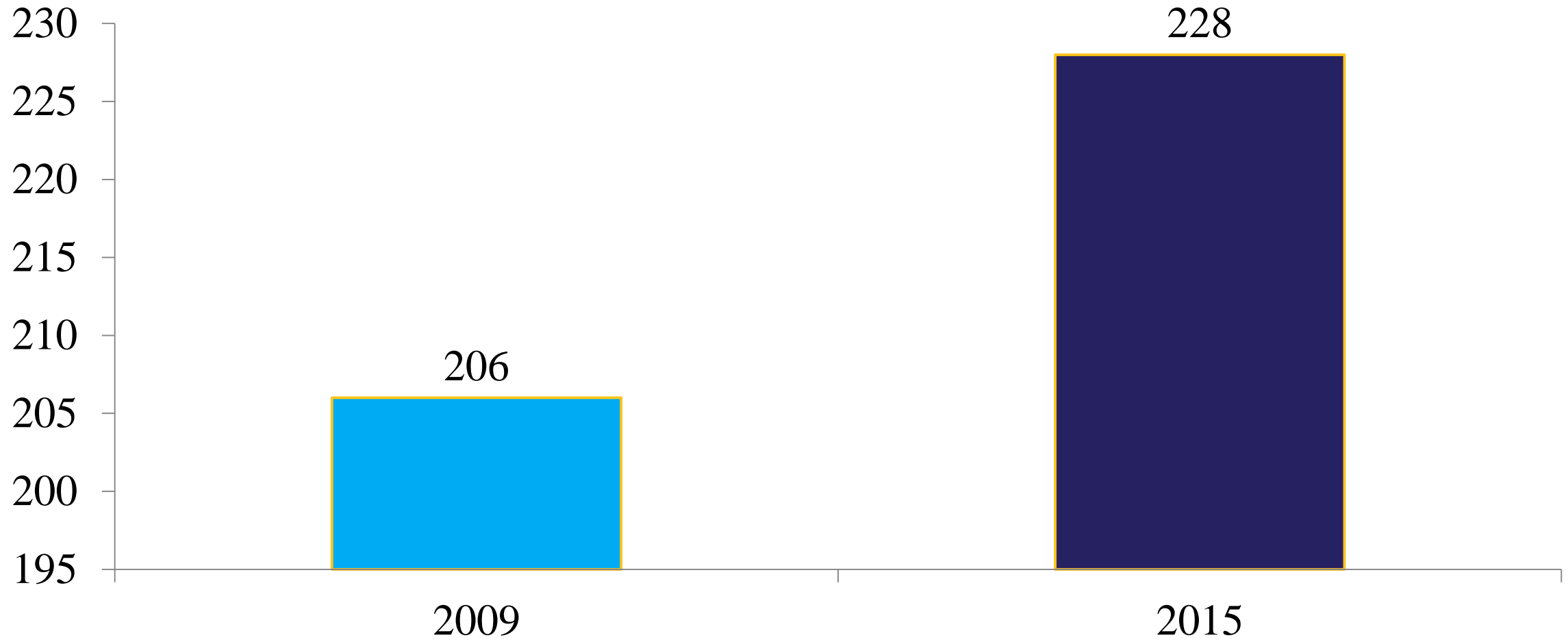


DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

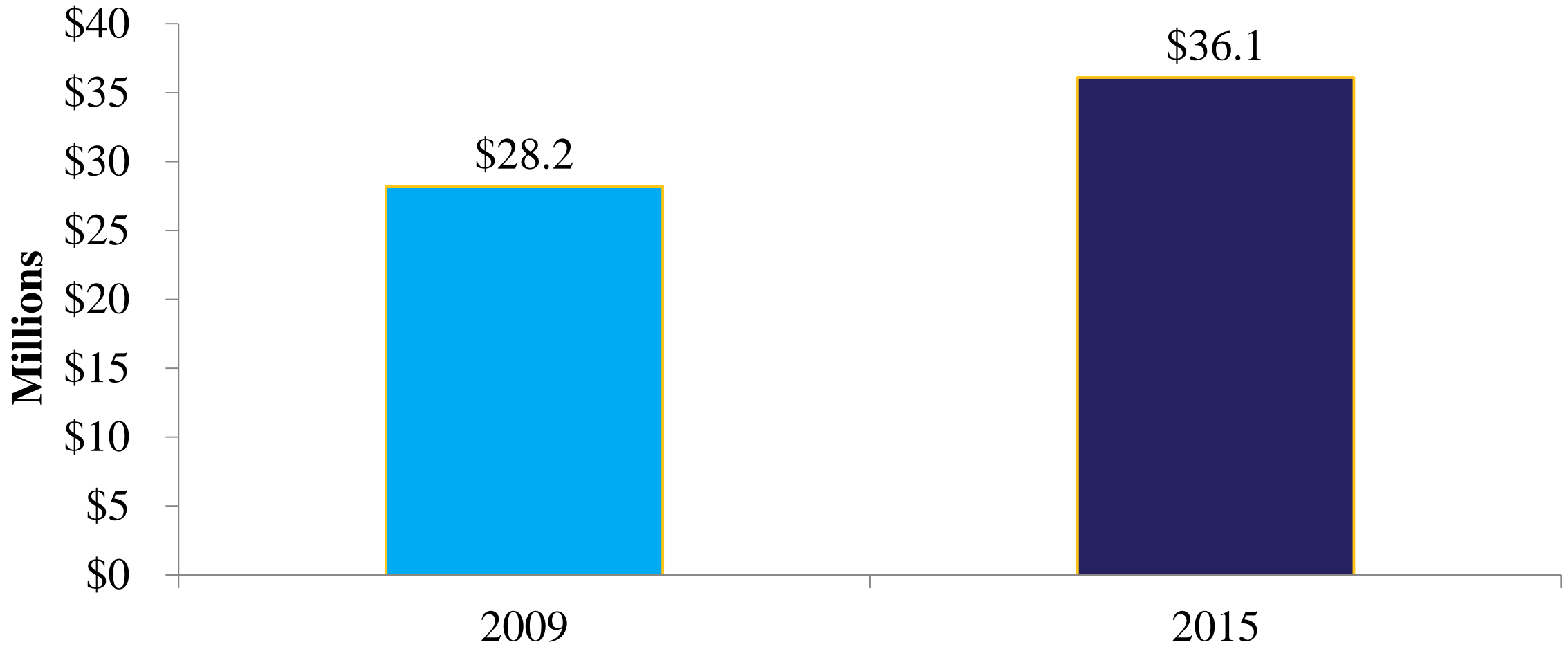
Number of Licensed Insurers



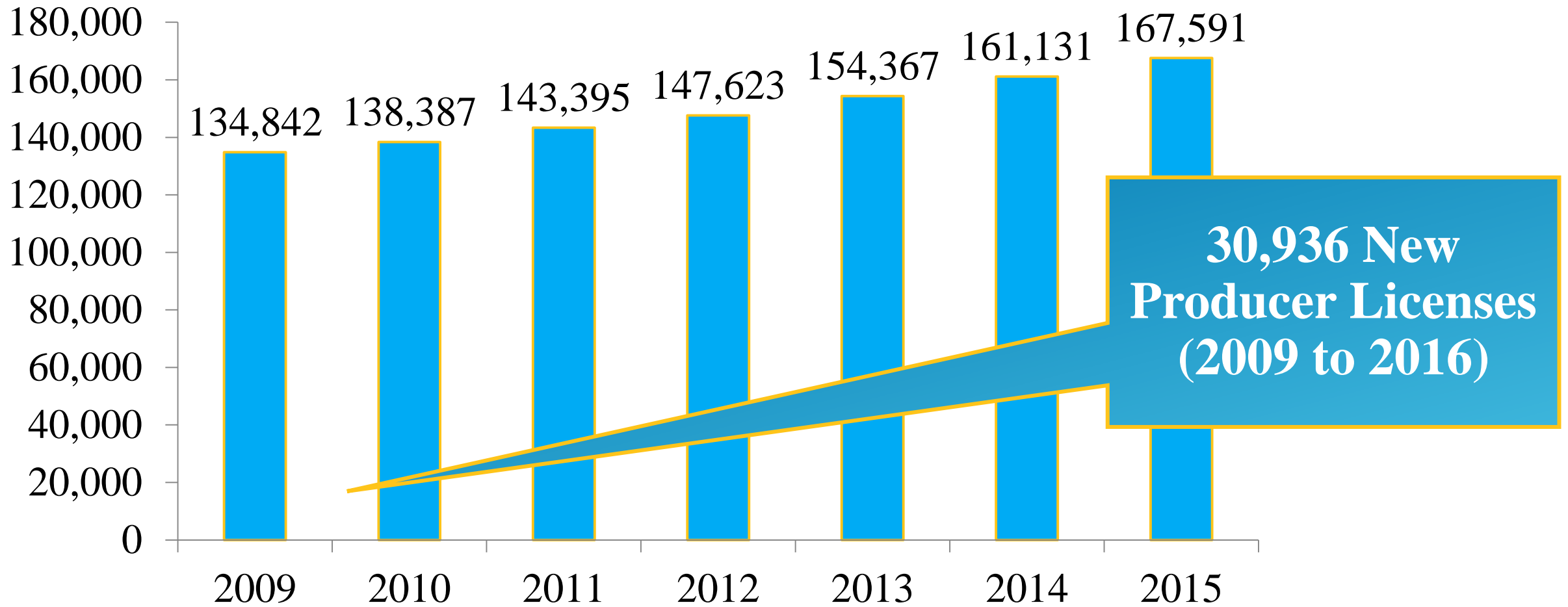
Number of Domestic Insurers



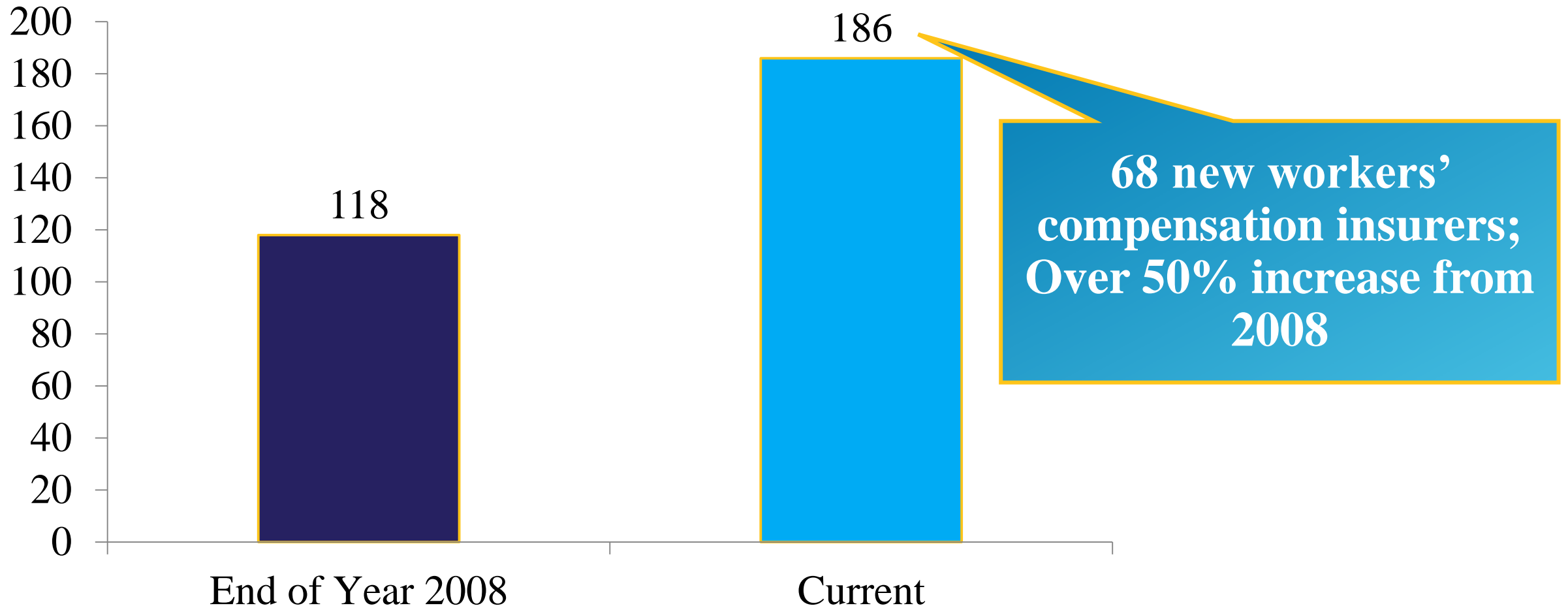
Written Premium



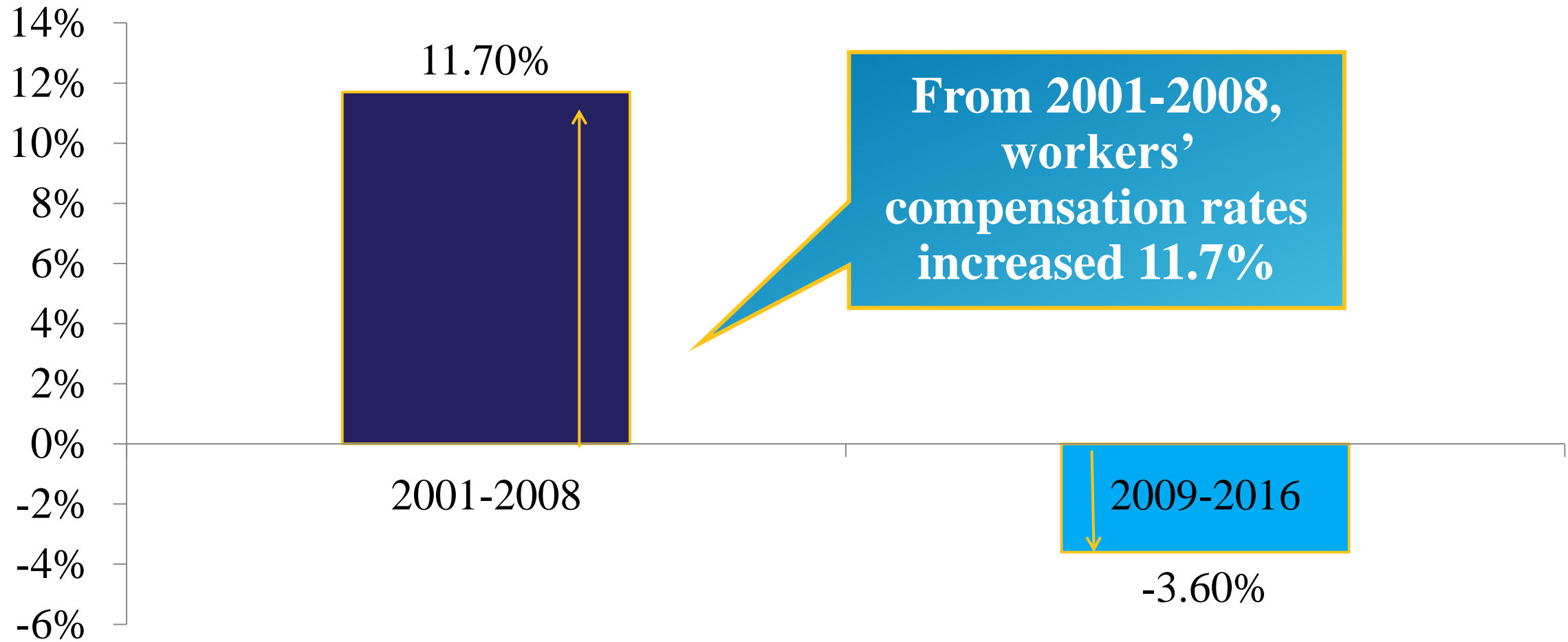
Number of Licensees Rises



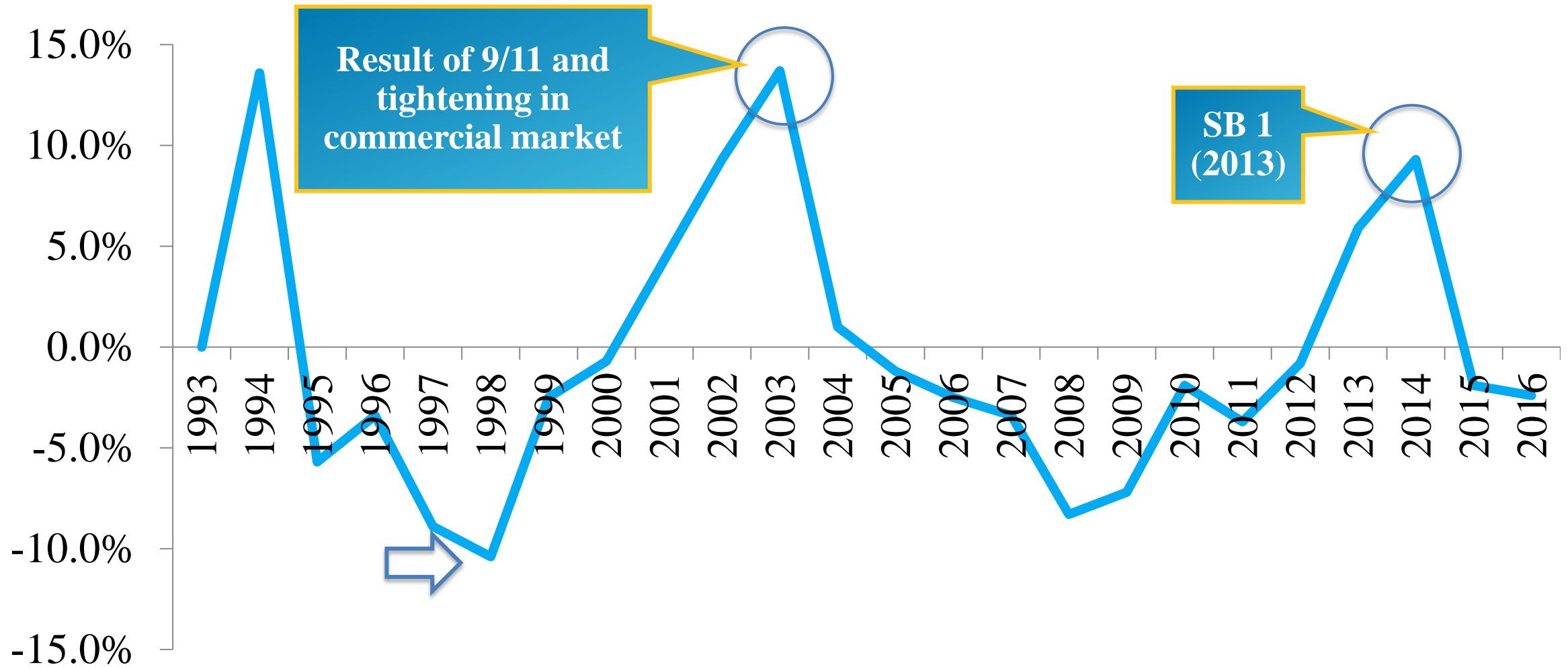
Massive Growth in Number of Workers' Comp Insurers



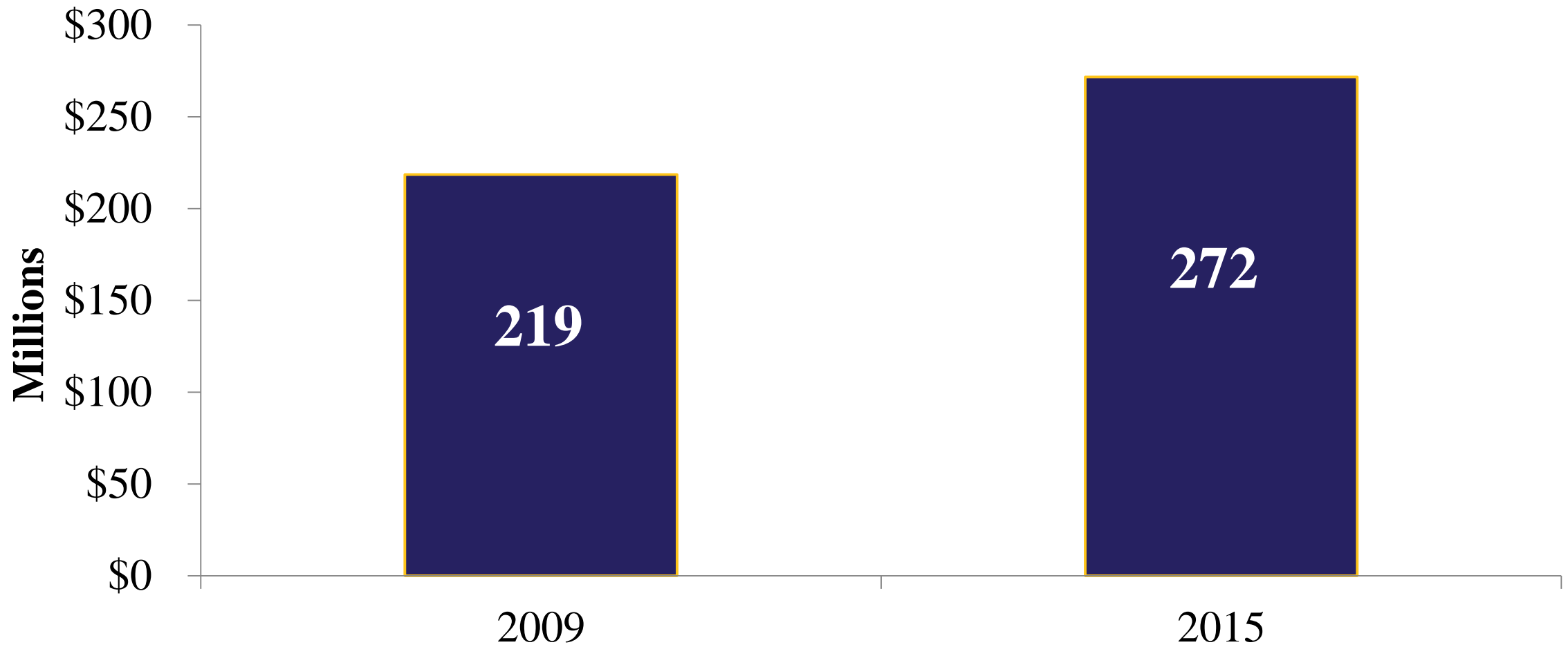
Workers' Comp Rates Drop 3.6%



Workers' Compensation Rate Trends



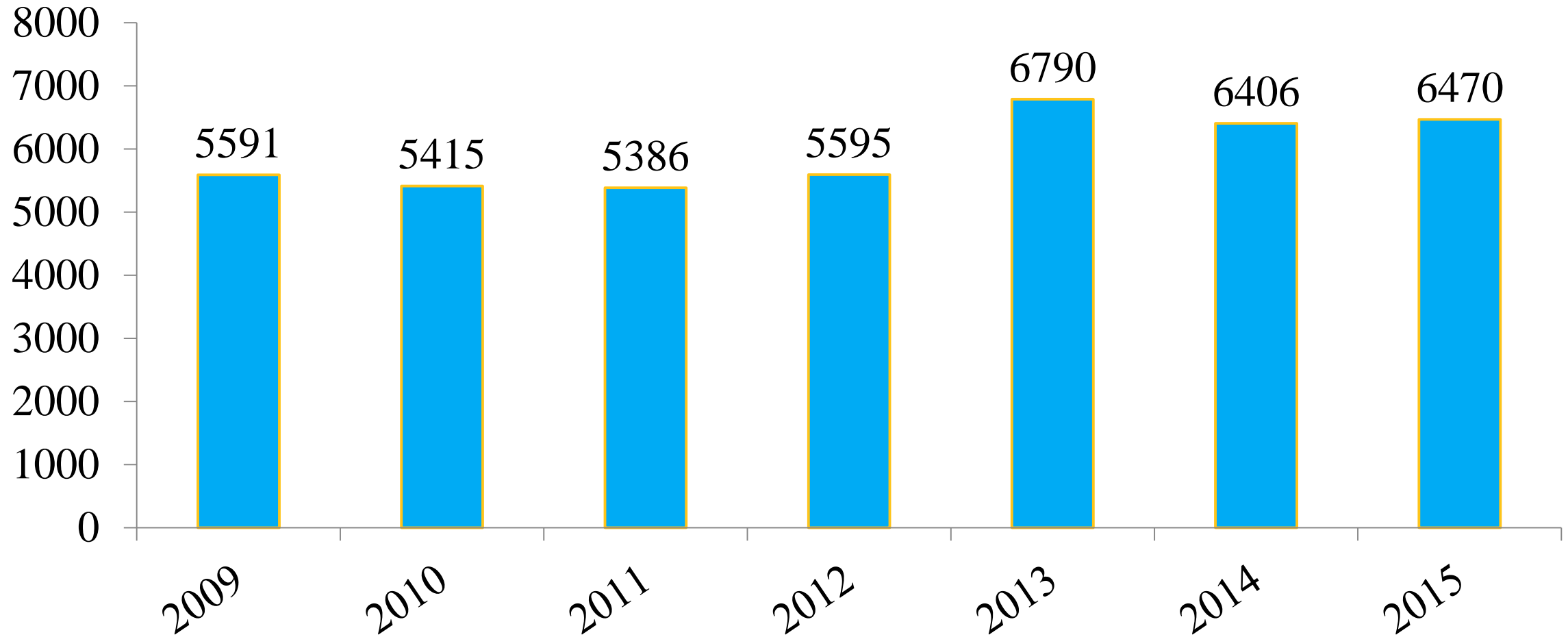
Premium Tax Collections



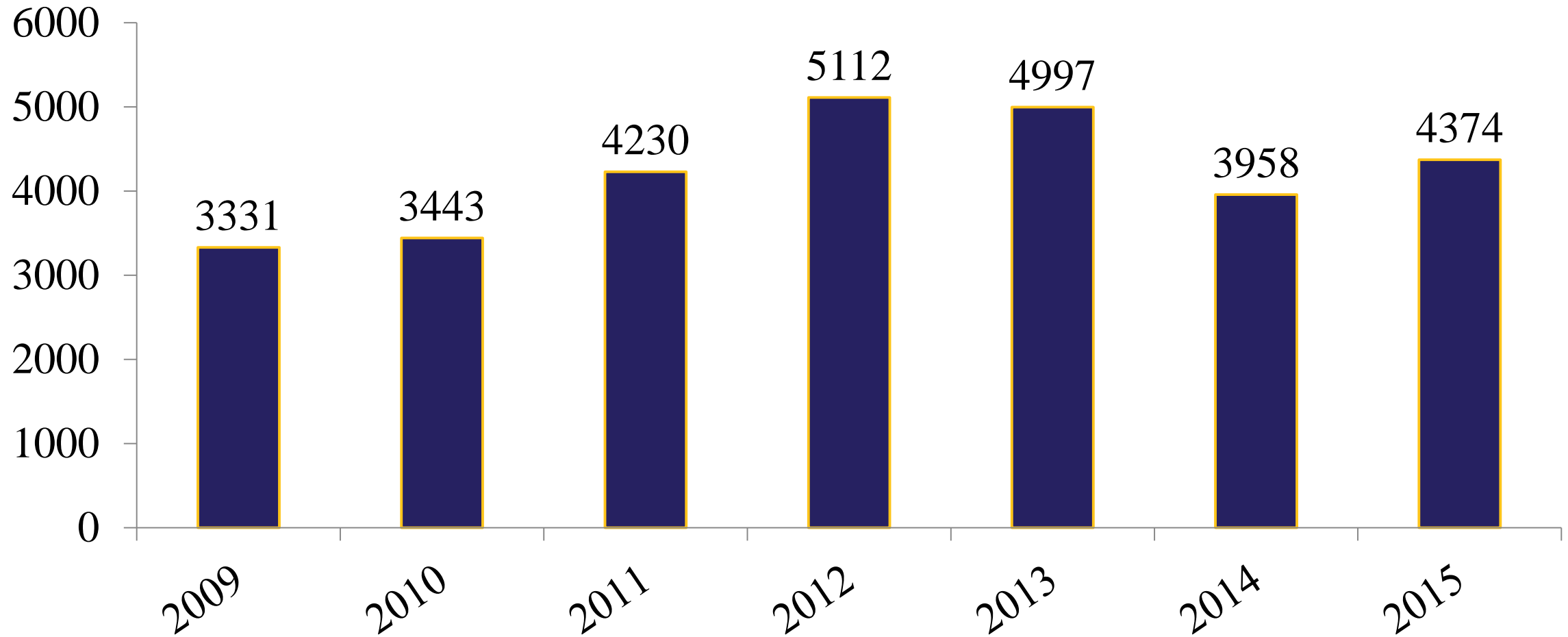
Growth in the Captive Market



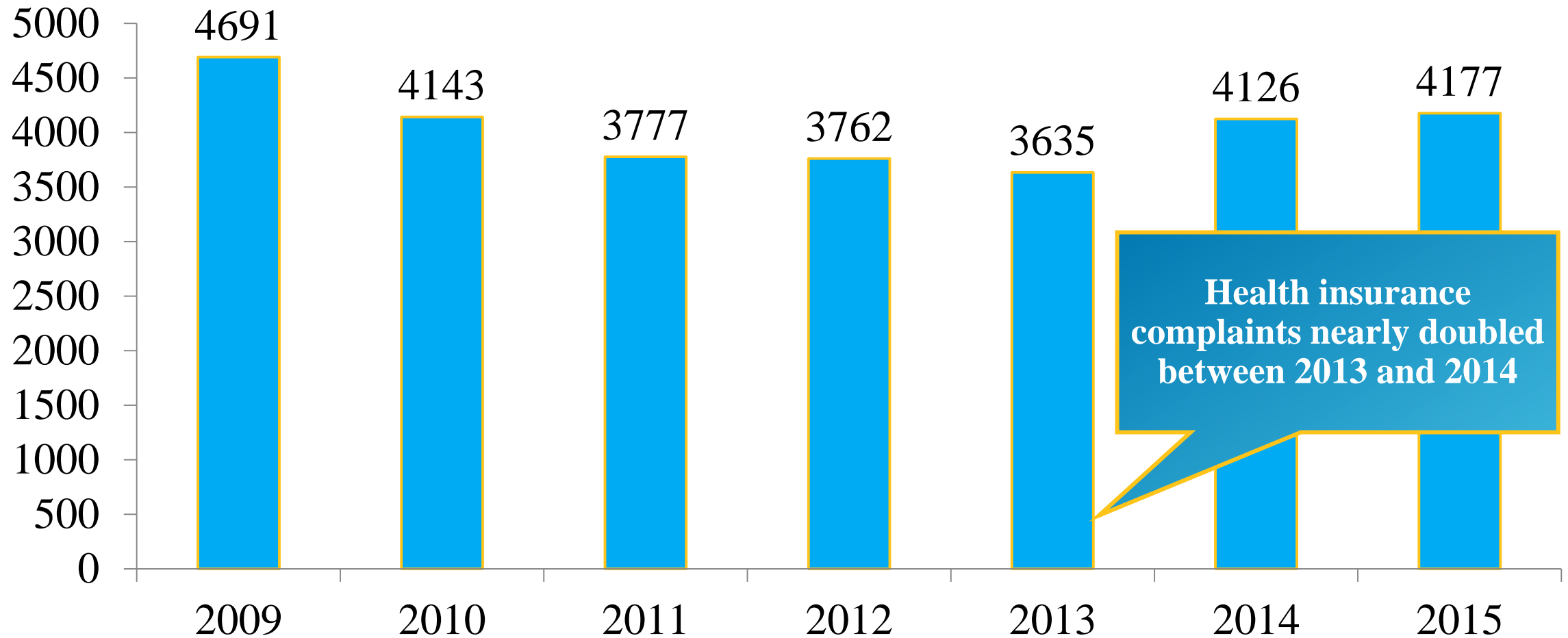
Property & Casualty Filing Activity



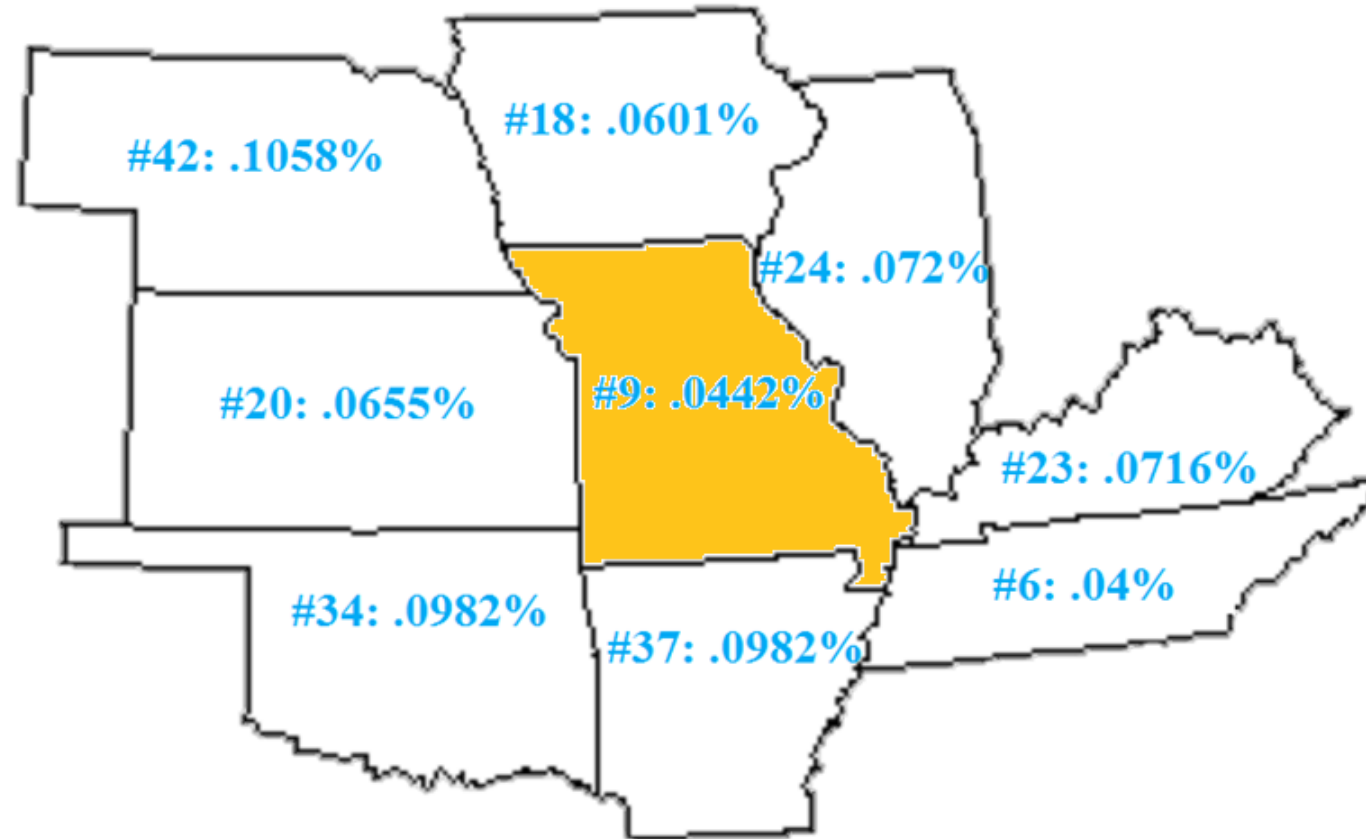
Life and Health Filing Activity



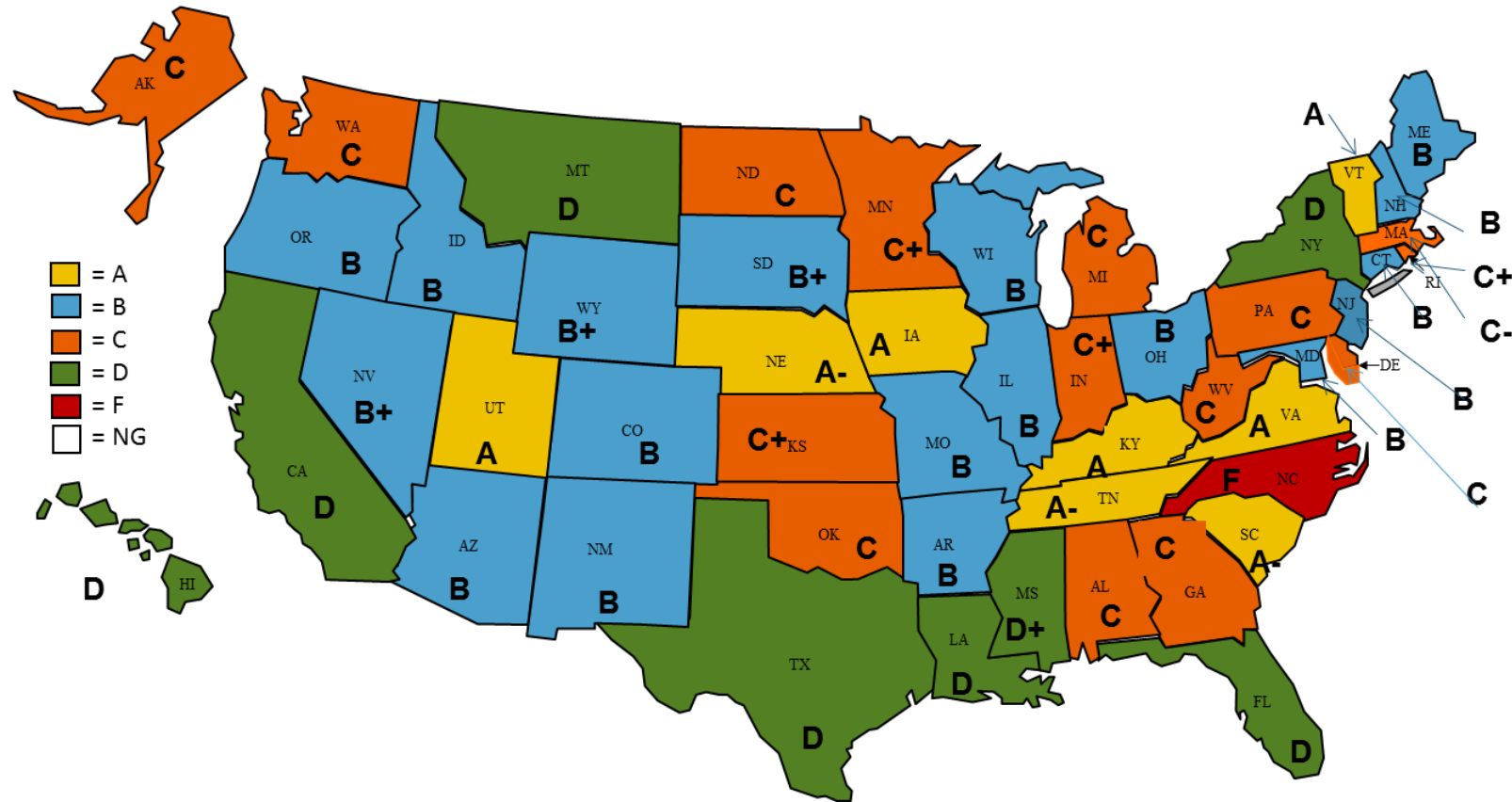
Consumer Complaint Activity



Missouri Regulatory Costs: 2nd Lowest in Midwest



Missouri Regulatory Climate: 15th Best in US



Source: R Street Insurance Regulation Report Card, December 2015



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

Any questions



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration